



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
OF THE CONDITION AND AFFAIRS OF THE  
UnitedHealthcare Community Plan, Inc.

NAIC Group Code07070707NAIC Company Code95467Employer's ID Number38-3204052

(Current)(Prior)

Organized under the Laws ofMichigan, State of Domicile or Port of EntryMichigan

Country of DomicileUnited States of America

Licensed as business type:Health Maintenance Organization

Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized10/11/1994Commenced Business10/11/1994

Statutory Home Office26957 Northwestern Highway, Suite 400Southfield , MI, US 48033

(Street and Number)(City or Town, State, Country and Zip Code)

Main Administrative Office26957 Northwestern Highway, Suite 400

(Street and Number)

Southfield , MI, US 48033248-559-5656

(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Mail Address9700 Health Care Lane, MN017-E900Minnetonka , MN, US 55343

(Street and Number or P.O. Box)(City or Town, State, Country and Zip Code)

Primary Location of Books and Records26957 Northwestern Highway, Suite 400

(Street and Number)

Southfield , MI, US 48033248-559-5656

(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Internet Website Addresswww.uhccommunityplan.com

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OFFICERS

PresidentDavid Keith LivingstonChief Financial OfficerCarol Ann Gothard

SecretaryEric Jacob WexlerTreasurerRobert Worth Oberrender

OTHER OFFICERS

Michelle Marie Huntley Dill Assistant Secretary

DIRECTORS

Chris Alan SchererJames Daniel DonovanJohn Joseph Kaelin

Karen NMN Schultz #William Everett Ralston

State ofMichiganState ofMichiganState ofMichigan

County ofOaklandCounty ofOaklandCounty ofOakland

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

David Keith LivingstonEric Jacob WexlerCarol Ann Gothard

PresidentSecretaryChief Financial Officer

Subscribed and sworn to before me thisSubscribed and sworn to before me thisSubscribed and sworn to before me this

day ofday ofday of

- a. Is this an original filing?..... Yes [ X ] No [ ]
- b. If no,
1. State the amendment number.....
2. Date filed.....
3. Number of pages attached.....

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	33,576,606		33,576,606	39,853,474
2. Stocks (Schedule D):				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....				
encumbrances) .....			0	0
4.2 Properties held for the production of income (less				
\$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ .....				
encumbrances) .....			0	0
5. Cash (\$ .....2,072,617 , Schedule E - Part 1), cash equivalents				
(\$ .....1,102,231 , Schedule E - Part 2) and short-term				
investments (\$ .....125,349,511 , Schedule DA) .....	128,524,359		128,524,359	123,290,827
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Derivatives (Schedule DB) .....			0	0
8. Other invested assets (Schedule BA) .....			0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	162,100,965	0	162,100,965	163,144,301
13. Title plants less \$ ..... charged off (for Title insurers				
only) .....			0	0
14. Investment income due and accrued .....	594,532		594,532	804,505
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	1,945,285		1,945,285	1,406,505
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$ .....				
earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	111,062		111,062	78,900
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	1,192,513
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....	2,047,879	506,391	1,541,488	2,222,182
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets				
(\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	499,023		499,023	0
24. Health care (\$ .....7,296,420 ) and other amounts receivable .....	9,244,949	1,948,529	7,296,420	5,466,680
25. Aggregate write-ins for other than invested assets .....	1,485,498	0	1,485,498	0
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25) .....	178,029,193	2,454,920	175,574,273	174,315,586
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts .....			0	0
28. Total (Lines 26 and 27)	178,029,193	2,454,920	175,574,273	174,315,586
DETAILS OF WRITE-INS				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. Performance Bonus Receivable .....	1,450,657		1,450,657	
2502. State Income Taxes Receivable .....	34,841		34,841	
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	1,485,498	0	1,485,498	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ .....1,423,567 reinsurance ceded) .....	94,932,263		94,932,263	93,934,135
2. Accrued medical incentive pool and bonus amounts .....	1,561,142		1,561,142	1,383,572
3. Unpaid claims adjustment expenses .....	1,331,404		1,331,404	1,270,747
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act .....	943,947		943,947	238,095
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserves .....			0	0
7. Aggregate health claim reserves .....			0	0
8. Premiums received in advance .....			0	0
9. General expenses due or accrued .....	4,167,837		4,167,837	6,038,588
10.1 Current federal and foreign income tax payable and interest thereon (including \$ .....141,866 on realized capital gains (losses)) .....	790,197		790,197	1,834,307
10.2 Net deferred tax liability .....			0	0
11. Ceded reinsurance premiums payable .....			0	158,076
12. Amounts withheld or retained for the account of others .....			0	0
13. Remittance and items not allocated .....			0	3,701
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
15. Amounts due to parent, subsidiaries and affiliates .....			0	2,065,132
16. Derivatives .....			0	0
17. Payable for securities .....			0	0
18. Payable for securities lending .....			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers) .....			0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies .....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans .....	1,052,492		1,052,492	1,157
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	61,541	0	61,541	7,507
24. Total liabilities (Lines 1 to 23) .....	104,840,823	0	104,840,823	106,935,017
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	0	0
26. Common capital stock .....	XXX	XXX		
27. Preferred capital stock .....	XXX	XXX		
28. Gross paid in and contributed surplus .....	XXX	XXX	47,003,392	47,003,392
29. Surplus notes .....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	23,730,058	20,377,177
32. Less treasury stock, at cost: 32.1 ..... shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		
32.2 ..... shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	70,733,450	67,380,569
34. Total liabilities, capital and surplus (Lines 24 and 33) .....	XXX	XXX	175,574,273	174,315,586
DETAILS OF WRITE-INS				
2301. Unclaimed Property .....	61,541		61,541	7,507
2302. ....				
2303. ....				
2308. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above) .....	61,541	0	61,541	7,507
2501. ....	XXX	XXX		
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	XXX	XXX	0	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above) .....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,932,420	2,918,785
2. Net premium income ( including \$ ..... non-health premium income).....	XXX	874,684,859	890,754,832
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	(705,852)	(108,400)
4. Fee-for-service (net of \$ ..... medical expenses).....	XXX	0	0
5. Risk revenue .....	XXX	0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	1,450,657	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	875,429,664	890,646,432
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		628,967,292	609,270,466
10. Other professional services .....		5,604,677	12,392,239
11. Outside referrals .....		0	0
12. Emergency room and out-of-area .....		35,266,771	32,899,747
13. Prescription drugs .....		95,657,487	85,160,287
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts .....		4,785,633	4,771,814
16. Subtotal (Lines 9 to 15) .....	0	770,281,860	744,494,553
<b>Less:</b>			
17. Net reinsurance recoveries .....		1,124,570	1,859,793
18. Total hospital and medical (Lines 16 minus 17) .....	0	769,157,290	742,634,760
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....13,016,501 cost containment expenses .....		27,790,047	15,793,021
21. General administrative expenses .....		74,649,991	130,114,068
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....		0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	871,597,328	888,541,849
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	3,832,336	2,104,583
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		1,314,772	1,346,533
26. Net realized capital gains (losses) less capital gains tax of \$ .....141,866 .....		258,986	163,848
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	1,573,758	1,510,381
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....	0	(25,000)	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	5,381,094	3,614,964
31. Federal and foreign income taxes incurred .....	XXX	1,188,072	1,071,519
32. Net income (loss) (Lines 30 minus 31) .....	XXX	4,193,022	2,543,445
<b>DETAILS OF WRITE-INS</b>			
0601. Performace Bonus .....	XXX	1,450,657	
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	1,450,657	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	0
2901. Fines and Penalties .....		(25,000)	
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	(25,000)	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	67,380,569	67,201,837
34. Net income or (loss) from Line 32 .....	4,193,022	2,543,445
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....	833,814	1,546,239
39. Change in nonadmitted assets .....	1,483,957	(3,910,952)
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....	(3,157,912)	0
48. Net change in capital and surplus (Lines 34 to 47) .....	3,352,881	178,732
49. Capital and surplus end of reporting period (Line 33 plus 48)	70,733,450	67,380,569
DETAILS OF WRITE-INS		
4701. Correction of error .....	(3,157,912)	0
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(3,157,912)	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	872,537,346	891,977,540
2. Net investment income .....	1,015,576	2,417,182
3. Miscellaneous income .....	1,450,657	0
4. Total (Lines 1 through 3) .....	875,003,579	894,394,722
5. Benefit and loss related payments .....	767,853,145	733,312,322
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	101,255,957	140,727,208
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....	1,365,932	(1,781,068)
10. Total (Lines 5 through 9) .....	870,475,034	872,258,462
11. Net cash from operations (Line 4 minus Line 10) .....	4,528,545	22,136,260
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	23,548,650	28,075,614
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	2,508	(675)
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	23,551,158	28,074,939
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	17,174,437	26,265,738
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	1,340,066
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	17,174,437	27,605,804
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	6,376,721	469,135
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(5,671,734)	(8,523,586)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(5,671,734)	(8,523,586)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	5,233,532	14,081,809
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	123,290,827	109,209,018
19.2 End of year (Line 18 plus Line 19.1) .....	128,524,359	123,290,827

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	937,244		2,122	935,122
2.	Medicare Supplement .....				0
3.	Dental only .....				0
4.	Vision only .....				0
5.	Federal Employees Health Benefits Plan .....	0			0
6.	Title XVIII - Medicare .....	50,859,138			50,859,138
7.	Title XIX - Medicaid .....	824,761,468		1,870,869	822,890,599
8.	Other health .....				0
9.	Health subtotal (Lines 1 through 8) .....	876,557,850	0	1,872,991	874,684,859
10.	Life .....	0			0
11.	Property/casualty .....	0			0
12.	Totals (Lines 9 to 11)	876,557,850	0	1,872,991	874,684,859



**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	764,140,238	765,870					42,138,100	721,236,268		
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	895,154	(159,990)						1,055,144		
1.4 Net .....	763,245,084	925,860	.0	.0	.0	.0	42,138,100	720,181,124	.0	.0
2. Paid medical incentive pools and bonuses .....	4,608,063						5,115	4,602,948		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	96,355,830	241,682	.0	.0	.0	.0	7,598,872	88,515,276	.0	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	1,423,567	8,829	.0	.0	.0	.0	.0	1,414,738	.0	.0
3.4 Net .....	94,932,263	232,853	.0	.0	.0	.0	7,598,872	87,100,538	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....	.0									
4.2 Reinsurance assumed .....	.0									
4.3 Reinsurance ceded .....	.0									
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year .....	1,561,142						3,250	1,557,892		
6. Net healthcare receivables (a) .....	(160,607)	3,491					334,833	(498,931)		
7. Amounts recoverable from reinsurers December 31, current year .....	111,062							111,062		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	95,160,448	50,495	.0	.0	.0	.0	5,546,958	89,562,995	.0	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	1,226,313	5,468	.0	.0	.0	.0	.0	1,220,845	.0	.0
8.4 Net .....	93,934,135	45,027	.0	.0	.0	.0	5,546,958	88,342,150	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....	.0									
9.2 Reinsurance assumed .....	.0									
9.3 Reinsurance ceded .....	.0									
9.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year .....	1,383,572							1,383,572		
11. Amounts recoverable from reinsurers December 31, prior year .....	78,900							78,900		
12. Incurred Benefits:										
12.1 Direct .....	765,496,227	953,566	.0	.0	.0	.0	43,855,181	720,687,480	.0	.0
12.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded .....	1,124,570	(156,629)	.0	.0	.0	.0	.0	1,281,199	.0	.0
12.4 Net .....	764,371,657	1,110,195	.0	.0	.0	.0	43,855,181	719,406,281	.0	.0
13. Incurred medical incentive pools and bonuses .....	4,785,633	0	0	0	0	0	8,365	4,777,268	0	0

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	29,995,473						142,002	29,853,471		
1.2 Reinsurance assumed .....	0									
1.3 Reinsurance ceded .....	477,147							477,147		
1.4 Net .....	29,518,326	0	0	0	0	0	142,002	29,376,324	0	0
2. Incurred but Unreported:										
2.1 Direct .....	66,360,357	241,682					7,456,870	58,661,805		
2.2 Reinsurance assumed .....	0							0		
2.3 Reinsurance ceded .....	946,420	8,829						937,591		
2.4 Net .....	65,413,937	232,853	0	0	0	0	7,456,870	57,724,214	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	0									
3.2 Reinsurance assumed .....	0									
3.3 Reinsurance ceded .....	0									
3.4 Net .....	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct .....	96,355,830	241,682	0	0	0	0	7,598,872	88,515,276	0	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	1,423,567	8,829	0	0	0	0	0	1,414,738	0	0
4.4 Net .....	94,932,263	232,853	0	0	0	0	7,598,872	87,100,538	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....	109,789	816,035	103,530	129,323	213,319	45,027
2. Medicare Supplement .....					0	0
3. Dental Only .....					0	0
4. Vision Only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....	4,986,956	37,151,107	158,432	7,440,441	5,145,388	5,546,958
7. Title XIX - Medicaid .....	66,327,905	653,821,129	8,579,779	78,520,758	74,907,684	88,342,150
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8) .....	71,424,650	691,788,271	8,841,741	86,090,522	80,266,391	93,934,135
10. Healthcare receivables (a) .....	94,464	8,811,406		339,079	94,464	9,405,557
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	1,540,049	3,068,014		1,561,142	1,540,049	1,383,572
13. Totals (Lines 9 - 10 + 11 + 12)	72,870,235	686,044,879	8,841,741	87,312,585	81,711,976	85,912,150

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	0	0	0	0	
2.	2008 .....	0	0	0	0	
3.	2009 .....	XXX	0	0	0	
4.	2010 .....	XXX	XXX	0	0	
5.	2011 .....	XXX	XXX	XXX	591	701
6.	2012 .....	XXX	XXX	XXX	XXX	816

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	0	0	0	0	
2.	2008 .....	0	0	0	0	
3.	2009 .....	XXX	0	0	0	
4.	2010 .....	XXX	XXX	0	0	
5.	2011 .....	XXX	XXX	XXX	636	804
6.	2012 .....	XXX	XXX	XXX	XXX	945

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2008 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2009 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2010 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2011 .....	712	701	0	0.0	701	98.5	104	0	805	113.1
5. 2012 .....	937	816	61	7.5	877	93.6	129	1	1,007	107.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	0	0	0	0	
2.	2008 .....	834	1,252	1,292	1,292	1,292
3.	2009 .....	XXX	2,973	4,092	4,092	4,092
4.	2010 .....	XXX	XXX	8,732	11,535	11,535
5.	2011 .....	XXX	XXX	XXX	21,122	26,113
6.	2012 .....	XXX	XXX	XXX	XXX	37,153

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	0	0	0	0	
2.	2008 .....	1,029	1,447	1,292	1,292	1,292
3.	2009 .....	XXX	2,973	4,092	4,092	4,092
4.	2010 .....	XXX	XXX	11,862	11,551	11,535
5.	2011 .....	XXX	XXX	XXX	26,653	26,271
6.	2012 .....	XXX	XXX	XXX	XXX	44,596

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2008 .....	0	1,292	0	0.0	1,292	0.0	0	0	1,292	0.0
2. 2009 .....	6,440	4,092	0	0.0	4,092	63.5	0	0	4,092	63.5
3. 2010 .....	17,487	11,535	177	1.5	11,712	67.0	0	0	11,712	67.0
4. 2011 .....	33,745	26,113	17	0.1	26,130	77.4	158	0	26,288	77.9
5. 2012 .....	50,153	37,153	305	0.8	37,458	74.7	7,444	184	45,086	89.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	0	0	0	0	
2.	2008 .....	421,583	447,694	447,664	447,664	447,664
3.	2009 .....	XXX	277,989	316,003	316,003	316,003
4.	2010 .....	XXX	XXX	318,129	385,945	385,945
5.	2011 .....	XXX	XXX	XXX	638,514	706,300
6.	2012 .....	XXX	XXX	XXX	XXX	656,999

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	24,433	0	0	0	
2.	2008 .....	464,560	447,694	447,664	447,664	447,664
3.	2009 .....	XXX	320,875	316,003	316,003	316,003
4.	2010 .....	XXX	XXX	396,077	388,134	385,945
5.	2011 .....	XXX	XXX	XXX	726,051	714,879
6.	2012 .....	XXX	XXX	XXX	XXX	737,077

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2008 .....	0	447,664	0	0.0	447,664	0.0	0	0	447,664	0.0
2. 2009 .....	673,119	316,003	0	0.0	316,003	46.9	0	0	316,003	46.9
3. 2010 .....	782,756	385,945	25,864	6.7	411,809	52.6	0	0	411,809	52.6
4. 2011 .....	858,084	706,300	15,441	2.2	721,741	84.1	8,580	0	730,321	85.1
5. 2012 .....	824,762	656,999	27,363	4.2	684,362	83.0	80,079	1,146	765,587	92.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	0	0	0	0	0
2.	2008 .....	422,417	448,946	448,956	448,956	448,956
3.	2009 .....	XXX	280,962	320,095	320,095	320,095
4.	2010 .....	XXX	XXX	326,861	397,480	397,480
5.	2011 .....	XXX	XXX	XXX	660,227	733,114
6.	2012 .....	XXX	XXX	XXX	XXX	694,968

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior .....	24,433	0	0	0	0
2.	2008 .....	465,589	449,141	448,956	448,956	448,956
3.	2009 .....	XXX	323,848	320,095	320,095	320,095
4.	2010 .....	XXX	XXX	407,939	399,685	397,480
5.	2011 .....	XXX	XXX	XXX	753,340	741,954
6.	2012 .....	XXX	XXX	XXX	XXX	782,618

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2008 .....	0	448,956	0	0.0	448,956	0.0	0	0	448,956	0.0
2. 2009 .....	679,559	320,095	0	0.0	320,095	47.1	0	0	320,095	47.1
3. 2010 .....	800,243	397,480	26,041	6.6	423,521	52.9	0	0	423,521	52.9
4. 2011 .....	892,541	733,114	15,458	2.1	748,572	83.9	8,842	0	757,414	84.9
5. 2012 .....	875,852	694,968	27,729	4.0	722,697	82.5	87,652	1,331	811,680	92.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... ) for investment income .....	943,947						943,947		
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	943,947	.0	.0	.0	.0	.0	943,947	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4) .....	943,947	.0	.0	.0	.0	.0	943,947	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.



UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3  General Administrative Expenses	4  Investment Expenses	5  Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ ..... for occupancy of own building) .....	335,360	382,394	1,379,569		2,097,323
2. Salary, wages and other benefits .....	6,790,204	7,742,538	27,932,850		42,465,592
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....			913,207		913,207
4. Legal fees and expenses .....	92,745	105,752	381,524		580,021
5. Certifications and accreditation fees .....					0
6. Auditing, actuarial and other consulting services .....	741,610	845,621	3,164,602		4,751,833
7. Traveling expenses .....	234,891	267,835	966,270		1,468,996
8. Marketing and advertising .....	564,376	643,530	2,321,672		3,529,578
9. Postage, express and telephone .....	486,069	554,240	1,999,540		3,039,849
10. Printing and office supplies .....	147,602	168,304	607,192		923,098
11. Occupancy, depreciation and amortization .....	116,651	133,012	479,867		729,530
12. Equipment .....	20,833	23,755	85,700		130,288
13. Cost or depreciation of EDP equipment and software .....	937,840	1,069,373	3,857,989		5,865,202
14. Outsourced services including EDP, claims, and other services .....	650,114	1,206,923	2,471,280		4,328,317
15. Boards, bureaus and association fees .....	21,938	25,015	90,247		137,200
16. Insurance, except on real estate .....	147,186	167,829	1,231,146		1,546,161
17. Collection and bank service charges .....	48,105	54,852	201,373		304,330
18. Group service and administration fees .....	64,957	74,068	267,215		406,240
19. Reimbursements by uninsured plans .....					0
20. Reimbursements from fiscal intermediaries .....					0
21. Real estate expenses .....					0
22. Real estate taxes .....	56,068	58,152	239,823		354,043
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			240,925		240,925
23.2 State premium taxes .....					0
23.3 Regulatory authority licenses and fees .....			20,840,287		20,840,287
23.4 Payroll taxes .....	435,884	407,194	1,935,691		2,778,769
23.5 Other (excluding federal income and real estate taxes) .....					0
24. Investment expenses not included elsewhere .....				71,140	71,140
25. Aggregate write-ins for expenses .....	1,124,068	843,159	3,042,022	0	5,009,249
26. Total expenses incurred (Lines 1 to 25) .....	13,016,501	14,773,546	74,649,991	71,140	(a) .....102,511,178
27. Less expenses unpaid December 31, current year .....	623,613	707,791	4,149,720	18,117	5,499,241
28. Add expenses unpaid December 31, prior year .....	712,359	558,388	5,210,303	828,285	7,309,335
29. Amounts receivable relating to uninsured plans, prior year .....			1,192,513		1,192,513
30. Amounts receivable relating to uninsured plans, current year .....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	13,105,247	14,624,143	74,518,061	881,308	103,128,759
DETAILS OF WRITE-INS					
2501. Information Technology .....	56,143	64,017	230,955		351,115
2502. Interest .....	9,083	10,357	37,364		56,804
2503. Managed Care & Network Access .....	389,229	5,258	19,119		413,606
2598. Summary of remaining write-ins for Line 25 from overflow page .....	669,613	763,527	2,754,584	0	4,187,724
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	1,124,068	843,159	3,042,022	0	5,009,249

(a) Includes management fees of \$ .....74,497,804 to affiliates and \$ ..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds .....	(a) .....91,310	.....95,454
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....956,692	.....886,634
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments .....	(e) .....527,921	.....403,824
7	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	1,575,923	1,385,912
11.	Investment expenses .....		(g) .....71,140
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....0
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....71,140
17.	Net investment income (Line 10 minus Line 16) .....		1,314,772
DETAILS OF WRITE-INS			
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) .....	.....0	.....0
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above) .....		.....0

- (a) Includes \$ .....14,085 accrual of discount less \$ .....315,084 amortization of premium and less \$ .....34,529 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ .....41,804 accrual of discount less \$ .....1,026,830 amortization of premium and less \$ .....120,143 paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$. .....71,140 investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	114,984	0	114,984	0	0
1.1	Bonds exempt from U.S. tax .....	.....	.....	0	.....	.....
1.2	Other bonds (unaffiliated) .....	285,270	(1,910)	283,360	0	0
1.3	Bonds of affiliates .....	0	0	0	0	0
2.1	Preferred stocks (unaffiliated) .....	0	0	0	0	0
2.11	Preferred stocks of affiliates .....	0	0	0	0	0
2.2	Common stocks (unaffiliated) .....	0	0	0	0	0
2.21	Common stocks of affiliates .....	0	0	0	0	0
3.	Mortgage loans .....	.....	0	0	0	0
4.	Real estate .....	.....	0	0	.....	.....
5.	Contract loans .....	.....	.....	0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	2,508	.....	2,508	.....	.....
7.	Derivative instruments .....	.....	.....	0	.....	.....
8.	Other invested assets .....	.....	0	0	0	0
9.	Aggregate write-ins for capital gains (losses) .....	0	0	0	0	0
10.	Total capital gains (losses) .....	402,762	(1,910)	400,852	0	0
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) .....	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			0
2.2 Common stocks .....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			0
3.2 Other than first liens .....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			0
4.2 Properties held for the production of income .....			0
4.3 Properties held for sale .....			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			0
6. Contract loans .....			0
7. Derivatives (Schedule DB) .....			0
8. Other invested assets (Schedule BA) .....			0
9. Receivables for securities .....			0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....			0
14. Investment income due and accrued .....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			0
15.3 Accrued retrospective premiums .....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			0
16.2 Funds held by or deposited with reinsured companies .....			0
16.3 Other amounts receivable under reinsurance contracts .....			0
17. Amounts receivable relating to uninsured plans .....			0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0
18.2 Net deferred tax asset .....	506,391		(506,391)
19. Guaranty funds receivable or on deposit .....			0
20. Electronic data processing equipment and software .....			0
21. Furniture and equipment, including health care delivery assets .....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
23. Receivable from parent, subsidiaries and affiliates .....			0
24. Health care and other amounts receivable .....	1,948,529	3,938,877	1,990,348
25. Aggregate write-ins for other than invested assets .....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,454,920	3,938,877	1,483,957
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27) .....	2,454,920	3,938,877	1,483,957
DETAILS OF WRITE-INS			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	246,475	246,565	244,875	242,291	243,545	2,932,420
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	246,475	246,565	244,875	242,291	243,545	2,932,420
DETAILS OF WRITE-INS						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

**UNITEDHEALTHCARE COMMUNITY PLAN, INC.**

**NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(IN THOUSANDS EXCEPT COMMON CAPITAL STOCK SHARE DATA)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operation**

UnitedHealthcare Community Plan, Inc. (the “Company”), licensed as a health maintenance organization (HMO), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of AmeriChoice Corporation (“AmeriChoice”). AmeriChoice is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on January 11, 1994, as a HMO and operations commenced on October 11, 1994. The Company is certified as a HMO by the Office of Financial and Insurance Regulation of the State of Michigan (the Department). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) under a contract with the Centers for Medicare and Medicaid Services (CMS). Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year; these payment elements are CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share and, the CMS coverage gap discount program.

The Company has a contract with the State of Michigan, Department of Community Health (DCH), to provide health care services to Medicaid and dual-eligible Medicare beneficiaries in Michigan. Effective November 1, 2012, the Company also insures individuals under 21 with complex chronic conditions under the Childrens’ Special Health Care Services as part of the Medicaid title. The current contract is effective through September 30, 2013, and is subject to annual renewal provisions thereafter.

The Company also has a contract with the State of Michigan DCH to provide health care services to MICHild eligible beneficiaries. MICHild is a health coverage and dental program for low-income or uninsured children in Michigan. The current contract is effect through September 30, 2013, and is subject to renewal provisions as outlined in the contract.

**A. Accounting Practices**

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Department.

The Department recognizes only statutory accounting practices, prescribed or permitted by the State of Michigan, for determining and reporting the financial condition and results of operations of a HMO, for determining its solvency under Michigan Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures manual (NAIC SAP) in effect for the accounting periods covered in the financial statement. The State of Michigan requires that maternity care receivables are reported as health care and other amounts receivable, and that intercompany transactions be reclassified from amounts due to parent, subsidiaries and affiliates to claims unpaid or general expenses due and accrued depending upon the type of transaction.

No significant differences exist between the practices prescribed or permitted by the state of Michigan and those prescribed or permitted by the NAIC SAP which materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

	State of Domicile	2012	2011
NET INCOME			
(1) Company state basis	Michigan	\$ 4,193	\$ 2,543
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: Not Applicable	Michigan	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP: Not Applicable	Michigan	-	-
(4) NAIC SAP	Michigan	\$ 4,193	\$ 2,543
SURPLUS			
(5) Company state basis	Michigan	\$ 70,733	\$ 67,381
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: Not Applicable	Michigan	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP: Not Applicable	Michigan	-	-
(8) NAIC SAP	Michigan	\$ 70,733	\$ 67,381

**B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements**

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company’s estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves and aggregate health claim reserves (collectively known as “aggregate health reserves”). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

**C. Accounting Policy**

**(1-13) Basis of Presentation** — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the Department. These statutory practices differ from accounting principles generally accepted in the United States of America (GAAP).

The more significant differences are as follows:

- Cash, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Certain debt investments categorized as available for sale or held to maturity are shown at fair value or amortized cost, respectively, under GAAP, whereas in the statutory basis financial statements, these investments are presented at the lower of amortized cost or fair value in accordance with the NAIC designations;
- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to limitations regarding the realization and admissibility of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets;

- Certain health care receivables are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus. Nonadmitted assets are excluded from the statutory basis financial statements and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet;
- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;
- Comprehensive income and its components are not presented in the statutory basis financial statements;
- Cash, cash equivalents, and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The corresponding caption of short-term investments under GAAP represents securities with a final maturity of one year or less from the balance sheet date. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

**Cash and Invested Assets —**

- Cash and cash equivalents represent cash held by the Company in disbursement accounts and commercial paper. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value.
- Short-term investments represent money market instruments, commercial paper, corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than three months but less than one year at the time of purchase.
- Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.
- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC (SVO) in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service.
- The Company holds no mortgage loans on real estate.
- Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in non-agency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.
- The Company holds no common or preferred stock.
- The Company holds no investments in subsidiaries, controlled, or affiliated entities.
- The Company has no investment interests with respect to joint ventures, partnerships or limited liability companies.
- The Company holds no derivatives.
- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations.

- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company recognized an other-than-temporary impairment of \$2 and \$0 for the years ended December 31, 2012 and 2011, respectively.

**Investment Income Due and Accrued** — Investment income earned and due as of the reporting date in addition to investment income earned but not paid or collected until subsequent periods are reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

**Net Investment Income Earned** — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

**Receivables from Parent, Subsidiaries, and Affiliates and Amounts Due to Parent, Subsidiaries, and Affiliates** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reclassified \$444 and \$0 to healthcare receivables, \$1,035 and \$3,956 to general expenses due and accrued and \$165 and \$32 to claims unpaid in 2012 and 2011, respectively, based on guidance received from the State of Michigan. The Company reports any unsettled financing amounts due or owed as receivables from parent, subsidiaries, and affiliates and amounts due to parent, subsidiaries, and affiliates, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

**Properties Occupied by the Company, Properties Held for the Production of Income, Properties Held for Sale, Furniture and Equipment and Electronic Data Processing Equipment and Software** — The Company does not carry any fixed assets on the statutory basis financial statements

**Hospital and Medical Expenses, Claims Unpaid, and Aggregate Health Reserves** — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2012 and 2011. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2012; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in statutory statement of operations in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.



**Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held under Uninsured Plans**

— Receivables and liabilities for amounts held under uninsured plans represent the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. The Patient Protection and Affordable Care Act and its related reconciliation act “Health Reform Legislation” mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap (Coverage Gap Discount Program or CGDP). These discounts are pre-funded by CMS, and ultimately reimbursed by pharmaceutical manufacturers, and the Company solely administers the application of these funds and has no insurance risk. If the Company incurs costs either in excess of or less than these subsidies, a corresponding receivable or payable is recorded in amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

**Net Deferred Tax Asset and Federal Income Taxes Incurred** — Statutory accounting provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax subject to certain adjustments (see Note 9).

**Claims Adjustment Expense** — Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to United HealthCare Services, Inc. (UHS) in exchange for administrative and management services. A detailed review of UHS’ and the Company’s administrative expenses is performed to determine the allocation between CAE and general administrative expenses. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2012 is adequate to cover the Company’s cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

**Remittances and Items Not Allocated** — Remittances and items not allocated generally represent monies received from policyholders for monthly premium billings that have not been entered into the billing system. The majority is from monies received in the lockbox account on the last day of the year.

**General Administrative Expenses** — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. State income taxes, HMO use taxes and Health Insurance Claims Assessment are also a component of general administrative expenses. A detailed review of UHS’ and the Company’s administrative expenses is performed to determine the allocation between CAE and general administrative expenses to be reported in the statutory basis statements of operations.

**Revenues** — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums.

Net premium income includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program, which includes, CMS premium, member premium, and low-income premium subsidy for the Company’s insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits. The Company estimates retrospective premium adjustments based on guidelines determined by CMS (see Note 24).

CMS deploys a risk adjustment model that apportions premium paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk adjustment premium payment using diagnosis data from hospital inpatient, hospital outpatient and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable and collectability is reasonably assured. The estimated risk-adjustment payments due to the Company at December 31, 2012 and 2011, were \$639 and \$675, respectively, and are recorded as uncollected premiums and health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recognized (\$77) and \$298 for changes in prior year Medicare risk factor estimates for the years ended December 31, 2012 and 2011, respectively, which is recorded as net premium income within the statutory basis statements of operations.

Net premium income also includes amounts paid by state and federal governments per member in exchange for the provision and administration of medical benefits under the Medicaid and/or Comprehensive Health Insurance Pool (MICHild) programs. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, home nursing risk-sharing payments, high dollar risk pool payments, and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-sharing income is payable based upon the number of members that qualify for such reimbursement.

The Company reports uncollected premium balances from its insured members as uncollected premium balances in the statutory basis statements of admitted assets, liabilities and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

The Company participates in the Graduated Medical Education and Hospital Risk Adjustment program and the Specialty Network Access Fees programs (“hospital supplemental payments”) with the State of Michigan. The State of Michigan utilizes Michigan Medicaid Managed Care Organizations (MCOs) to pay the funds to hospital participating in the program. As an MCO, the Company receives the program funds as part of the monthly capitation payment. Disbursement requirements are provided by the State of Michigan. For the years ended December 31, 2012 and 2011, net premium income of \$216,571 and \$217,887, respectively, was recognized for the hospital supplemental payments. As no gains are earned on the programs, corresponding charges of \$216,571 and \$217,887 are recorded as medical and hospital benefits and general administrative expenses by the Company for the years ended December 31, 2012 and 2011.

**Reinsurance Ceded** — In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the accompanying statutory basis financial statements. Any amounts due to the Company pursuant to this agreement is recorded as amounts recoverable from reinsurers in the accompanying statutory basis financial statements.

**Ceded Reinsurance Premiums Payable** — The Company has an excess loss reinsurance agreement on its Medicaid policies with UnitedHealthcare Insurance Company (UHIC), whereby 80% of amounts up to \$1,000 are covered after a deductible of \$125 per member is met. The ceded reinsurance premium payable balance represents amounts due to the reinsurer for coverage which will be paid based on the contract terms.

**Amounts Recoverable from Reinsurers** — The Company records amounts recoverable from reinsurers for stop-loss as reinsurance in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

**Incentive Pool** — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus, and the corresponding expense or reduction to expense is included in incentive pool, withhold adjustments, and bonus amounts in the statutory basis statements of operations.

**Medical Risk Share — Medicare Part D** — The Company has settlements with CMS based on whether the ultimate per member per month benefit costs of any Medicare Part D program regional plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS in 2012 and 2011. The estimated risk share adjustment of \$944 and \$170 in 2012 and 2011, respectively, is recorded as an increase to change in reserve for rate credits in the statutory basis statements of operations and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

**Health Care and Other Amounts Receivable** — Health care and other amounts receivables consist of pharmacy rebate receivables estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care and other amounts receivable also include a receivable for maternity case receivables due from the DCH per guidance from State of Michigan and claim overpayments that have been invoiced and are recoverable in the period. Health care and other amounts receivable are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

**Premium Deficiency Reserves** — Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, CAE, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in increase in reserves for accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

**Vulnerability Due to Certain Concentrations** — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Direct premium income from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of direct premium income are 6% and 4% for the years ended December 31, 2012 and 2011, respectively.

Direct premium income from the State of Michigan, DCH for Medicaid and MICHild, as a percentage of direct premium income is 94% and 96% for the years ending December 31, 2012 and 2011, respectively. Receivables from the State of Michigan, DCH represented 100% of uncollected premiums at December 31, 2012.

**Restricted Cash Reserves** — The Company is required by the State of Michigan to maintain a minimum regulatory deposit (currently \$1,265). The Company is in compliance with this requirement as of December 31, 2012 and 2011. This restricted cash reserve consists principally of government obligations which are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on this reserve accrues to the Company.

**Minimum Capital and Surplus** — Under the laws of the State of Michigan, the Department requires the Company to maintain a minimum capital and surplus equal to the greater of \$1,500 or 4% of the subscription revenue because the Company contracts with providers for more than 90% of benefit payout. The Company has \$70,733 in total statutory basis capital and surplus as of December 31, 2012, which is in compliance with the requirement.

Risk-based capital (RBC) is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Department requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or the company action level as calculated by the RBC model. The Company is in compliance with the required amount.

**Recently Issued Accounting Standards** — In November 2011, the NAIC adopted SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax asset admissibility test, and disclosure modifications. A change resulting from the adoption of this revised statement shall be accounted for prospectively. The Company adopted SSAP No. 101 in 2012 and determined there is no material impact to the statutory basis financial statements.

## 2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded during the years ended December 31, 2012 and 2011.

During the audit of the 2011 financial statements, the Company discovered and recognized an adjustment related to the recognition of Medicaid hospital supplemental payments. The adjustments were an overstatement of net premium income of \$391, an understatement of hospital and medical expenses of \$2,528 and understated general administrative expenses of \$354 for the year ended December 31, 2011. In addition, the federal income taxes incurred were overstated by \$1,124 and deferred tax assets were overstated by \$1,008. The impact to 2011 net income as recorded in the Audited Financial Statement was (\$2,149) and total capital and surplus was (\$3,157). The cumulative effect of this prior year error was corrected by the Company in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors* and is reflected in the accompanying statutory basis statements of changes in capital and surplus.

## 3. BUSINESS COMBINATIONS AND GOODWILL

**A–D.** The Company was not party to a business combination during the years ended December 31, 2012 and 2011, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

## 4. DISCONTINUED OPERATIONS

**(1–5)** The Company did not discontinue any operations during 2012 and 2011.

## 5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for bonds were \$400 and \$2, respectively, for 2012 and \$271 and \$1, respectively, for 2011. The gross realized gains and losses on sales of short-term investments were \$3 and \$0, respectively, for 2012 and \$0 and \$1, respectively, for 2011. The net realized gain is included in net realized capital gains less capital gains tax in the accompanying statutory basis statements of operations.



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan, Inc.

As of December 31, 2012 and 2011, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company’s investments, excluding cash and cash equivalents of \$3,175 and (\$4,177), respectively, are as follows:

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	\$ 27,619	\$ 378	\$ -	\$ -	\$ 27,997
State and state agency	7,561	458	-	(2)	8,017
Municipalities and local agency	4,691	350	(1)	-	5,040
Corporate bonds	39,826	344	(3)	(15)	40,152
Commercial paper and money market funds	79,229	1	-	-	79,230
Total bonds and short-term investments	<u>\$ 158,926</u>	<u>\$ 1,531</u>	<u>\$ (4)</u>	<u>\$ (17)</u>	<u>\$ 160,436</u>

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	\$ 135,109	\$ 76	\$ (2)	\$ -	\$ 135,183
One to five years	9,123	408	-	(15)	9,516
Five to ten years	8,131	836	-	-	8,967
Over ten years	6,563	211	(2)	(2)	6,770
Total bonds and short-term investments	<u>\$ 158,926</u>	<u>\$ 1,531</u>	<u>\$ (4)</u>	<u>\$ (17)</u>	<u>\$ 160,436</u>

	2011				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	\$ 21,467	\$ 438	\$ (4)	\$ -	\$ 21,901
State and state agency	5,560	391	-	(4)	5,947
Municipalities and local agency	7,786	460	-	-	8,246
Corporate bonds	50,268	346	(45)	(59)	50,510
Commercial paper and money market funds	82,240	-	-	-	82,240
Total bonds and short-term investments	<u>\$ 167,321</u>	<u>\$ 1,635</u>	<u>\$ (49)</u>	<u>\$ (63)</u>	<u>\$ 168,844</u>

Included in U.S. government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities’ final maturity date and at an amortized cost of \$3,958 and fair value of \$4,088.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2012 and 2011:

	2012					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -
State and state agency	-	-	132	(2)	132	(2)
Municipalities and local agency	323	(1)	-	-	323	(1)
Corporate bonds	5,332	(3)	286	(15)	5,618	(18)
Total bonds and short-term investments	<u>\$ 5,755</u>	<u>\$ (4)</u>	<u>\$ 418</u>	<u>\$ (17)</u>	<u>\$ 6,173</u>	<u>\$ (21)</u>

	2011					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency	\$ 3,155	\$ (4)	\$ -	\$ -	\$ 3,155	\$ (4)
State and state agency	-	-	171	(4)	171	(4)
Corporate bonds	27,994	(45)	242	(59)	28,236	(104)
Total bonds and short-term investments	<u>\$ 31,149</u>	<u>\$ (49)</u>	<u>\$ 413</u>	<u>\$ (63)</u>	<u>\$ 31,562</u>	<u>\$ (112)</u>

The unrealized losses on investments in U.S. government and agency obligations, state and state agency obligations, municipalities and local agency obligations, and corporate bonds at December 31, 2012 and 2011, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, the Company recorded other-than-temporary impairments of \$2 and \$0 as of December 31, 2012 and 2011, respectively, which is included in net realized capital gains less capital gains tax in the statutory basis statements of operations.

**A–C.** The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages or investments in low-income housing tax credits. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale. Total proceeds on the sale of investments for bonds were \$6,900 and \$6,455 and for short-term investments were \$904,550 and \$821,117 in 2012 and 2011, respectively.

**D. Loan-Backed Securities**

- (1) Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.
- (2) The Company did not recognize any other-than-temporary impairments on mortgage-backed securities as of December 31, 2012 and 2011.
- (3) The Company did not have mortgage-backed securities with an other-than-temporary impairment to report by CUSIP as of December 31, 2012 or 2011.
- (4) The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position for the years ended December 31, 2012 and 2011:

	<b>2012</b>
The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ (1)
2. 12 Months or longer	-
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	532
2. 12 Months or longer	-
	<b>2011</b>
The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ (3)
2. 12 Months or longer	-
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	2,626
2. 12 Months or longer	-

**E . Repurchase Agreements and/or Securities Lending Transactions** — Not applicable.

**F. Real Estate** — Not applicable.

**G. Low-Income Housing Tax Credits** — Not applicable.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write down for its investments in joint ventures, partnerships and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned at December 31, 2012 and 2011 are as follows:

	2012	2011
Bonds	\$ 982	\$ 1,110
Cash, cash equivalents, and short-term investments	<u>404</u>	<u>307</u>
Total investment income earned	\$ 1,386	\$ 1,417
Expenses — investment management fees	<u>\$ (71)</u>	<u>\$ (70)</u>
Net investment income earned	<u>\$ 1,315</u>	<u>\$ 1,347</u>

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset for the years ended December 31, are as follows:

(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R)									
	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$2,070	\$ 9	\$2,079	\$3,146	\$ 6	\$3,152	\$(1,076)	\$ 3	\$(1,073)
(b) Statutory valuation allowance adjustments	<u>-</u>	<u>9</u>	<u>9</u>	<u>904</u>	<u>6</u>	<u>910</u>	<u>(904)</u>	<u>3</u>	<u>(901)</u>
(c) Adjusted gross deferred tax assets (1a–1b)	2,070	-	2,070	2,242	-	2,242	(172)	-	(172)
(d) Deferred tax assets nonadmitted	<u>506</u>	<u>-</u>	<u>506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506</u>	<u>-</u>	<u>506</u>
(e) Subtotal net admitted deferred tax asset (1c–1d)	1,564	-	1,564	2,242	-	2,242	(678)	-	(678)
(f) Deferred tax liabilities	<u>23</u>	<u>-</u>	<u>23</u>	<u>20</u>	<u>-</u>	<u>20</u>	<u>3</u>	<u>-</u>	<u>3</u>
(g) Net admitted deferred tax asset/ (net deferred tax liability)	<u>\$ 1,541</u>	<u>\$ -</u>	<u>\$ 1,541</u>	<u>\$2,222</u>	<u>\$ -</u>	<u>\$2,222</u>	<u>\$ (681)</u>	<u>\$ -</u>	<u>\$ (681)</u>

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, are as follows:

(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R.)									
Admission Calculation Components SSAP No. 101	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 1,260	\$ -	\$ 1,260	\$ 2,242	\$ -	\$ 2,242	\$ (982)	\$ -	\$ (982)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	281	-	281	-	-	-	281	-	281
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	281	-	281	-	-	-	281	-	281
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	10,398	XXX	XXX	7,035	XXX	XXX	3,363
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	23	-	23	-	-	-	23	-	23
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 and SSAP No. 10R, respectively for 2012 and 2011									
Total (2(a)+2(b)+2(c))	\$ 1,564	\$ -	\$ 1,564	\$ 2,242	\$ -	\$ 2,242	\$ (678)	\$ -	\$ (678)

SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, is effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, a non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax assets admissibility test, and disclosure modifications. A change resulting from this adoption would be accounted for prospectively and reflected as a change in accounting principle in accordance with SSAP No. 3 — *Accounting Changes and Corrections of Errors*. The adoption of this pronouncement did not have an impact on the statutory basis financial statements.

(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admission calculation are presented below:

	2012	2011
(a) Ratio percentage used to determine recovery period and threshold limitation amount	378 %	- %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2 (b) (2) above (in thousands)	\$ 69,192	\$ -

(4) There was no impact to the deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

(1–4) There are no unrecognized deferred tax liabilities.



C. Significant Components of Income Taxes

(1) The current federal income taxes incurred for the years ended December 31, are as follows:

	2012	2011	Change
1. Current income tax			
(a) Federal	\$ 1,188	\$ 1,072	\$ 116
(b) Foreign	-	-	-
(c) Subtotal	1,188	1,072	116
(d) Federal income tax on net capital gains	142	106	36
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	<u>\$ 1,330</u>	<u>\$ 1,178</u>	<u>\$ 152</u>

(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2012 and 2011, are as follows:

(2012 information is computed under SSAP No. 101.  
2011 information was computed under SSAP No. 10R.)

	2012	2011	Change
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 484	\$ 570	\$ (86)
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	682	1,378	(696)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	904	1,198	(294)
(99) Subtotal	2,070	3,146	(1,076)
(b) Statutory valuation allowance adjustment	-	904	(904)
(c) Nonadmitted	506	-	506
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	1,564	2,242	(678)
(e) Capital			
(1) Investments	9	6	3
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	9	6	3
(f) Statutory valuation allowance adjustment	9	6	3
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
(i) Admitted deferred tax assets (2d + 2h)	1,564	2,242	(678)
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	23	20	3
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	23	20	3
(b) Capital			
(1) Investments	-	-	-
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	-	-	-
(c) Deferred tax liabilities (3a99 + 3b99)	23	20	3
4. Net deferred tax assets/liabilities (2i - 3c)	1,541	2,222	(681)

The other ordinary deferred tax asset of \$904 for 2012 consists of intangibles. The other ordinary deferred tax asset of \$1,198 for 2011 consists of bad debt of \$133 and intangibles of \$1,065.

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of \$9 and \$911 to reduce the gross deferred tax asset to \$2,070 and \$2,242 as of December 31, 2012 and 2011, respectively which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses and/or expectations for future taxable income.

**D.** The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax. The significant items causing this difference are as follows:

	2012	2011
Tax provision at the federal statutory rate	\$ 1,933	\$ 1,303
Tax-exempt interest	(139)	(142)
Change in statutory valuation allowance	(901)	(161)
IRS exam interest	-	-
Other	(86)	-
Tax effect of nonadmitted assets	<u>697</u>	<u>(1,368)</u>
Total	<u>\$ 1,504</u>	<u>\$ (368)</u>
Federal income taxes incurred	\$ 1,188	\$ 1,072
Capital gains tax	142	106
Change in net deferred income tax	(834)	(1,546)
Adjust for prior year correction	<u>1,008</u>	<u>-</u>
Total statutory income taxes	<u>\$ 1,504</u>	<u>\$ (368)</u>

**E.** At December 31, 2012, the Company had no net operating loss carryforwards.

Current federal income taxes payable of \$790 and \$1,834 as of December 31, 2012 and 2011, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid (received), net of refunds was \$1,250 and (\$1,781) in 2012 and 2011, respectively.

Federal income taxes incurred of \$1,402 and \$0 for 2012 and 2011, respectively, is available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 (“Deposits made to suspend running of interest on potential underpayments, etc.”) of the Internal Revenue Service Code.

**F.** The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group’s consolidated income tax returns for fiscal years 2011 and prior. UnitedHealth Group’s 2012 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2007 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

**G.** **Tax Contingencies** — Not applicable

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–L. Material Related Party Transactions

Pursuant to the terms of a management agreement, UHS will provide management services to the Company, until terminated upon the written agreement of both parties, for a fee based on a percentage of net premium income and change in reserve for rate credits. Management fees under this arrangement totaled \$74,498 and \$81,352 in 2012 and 2011, respectively, and are included in general administrative expenses and CAE in the accompanying statutory basis statements of operations. In addition, UHS pays, on the Company’s behalf, certain expenses not covered within the scope of the management agreement. UHS is reimbursed for these expenses by the Company.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital and medical expenses, general administrative expenses, and CAE of \$7,259 and \$7,261 in capitation fees to related parties during 2012 and 2011, respectively. UHS’ subsidiaries and divisions provide various services to enrollees of the Company during the year. Dental Benefit Providers, Inc., provides dental care assistance and United Behavioral Health, Inc. provides mental health and substance abuse services.

The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and CAE in the accompanying statutory basis statements of operations for the years ended December 31, 2012 and 2011, are shown below:

	2012	2011
United Behavioral Health	\$ 6,662	\$ 6,891
Dental Benefit Providers, Inc.	<u>597</u>	<u>370</u>
Total	<u>\$ 7,259</u>	<u>\$ 7,261</u>

The Company contracts with OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of \$4,187 and \$2,801 in 2012 and 2011, respectively, are included in general administrative expenses and CAE in the accompanying statutory basis statements of operations.

The Company contracts with OptumRx to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx will mail the appropriate personal health products catalogues to the Company's members and manage the personal health products credit balance. OptumRx, Inc. also distributes personal health products to individual members based upon the terms of the agreement. Fees related to this agreement in 2012 and 2011, which are calculated on a per member per month (PMPM) basis of \$576 and \$410 are included in hospital and medical expenses in the accompanying statutory basis statements of operations.

The Company has tax payments that are processed by UnitedHealth Group. This activity applicable to the Company is settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has a reinsurance agreement with UHIC to cover certain inpatient hospital claims in excess of defined limits. Reinsurance premiums, which are calculated on a PMPM basis, of \$1,873 and \$1,895 in 2012 and 2011, respectively, are netted against net premium income in the accompanying statutory basis statements of operations. Reinsurance recoveries of \$1,125 and \$1,860 in 2012 and 2011, respectively, are included in net reinsurance recoveries in the accompanying statutory basis statements of operations. There was \$1,424 and \$1,226 of reinsurance receivables related to this agreement as of December 31, 2012 and 2011, respectively. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company holds a subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective October 1, 2012. No amounts were outstanding under the line of credit as of December 31, 2012 and 2011.

At December 31, 2012 and 2011, the Company reported \$499 and \$0, respectively, as receivables from parent, subsidiaries and affiliates and \$0 and \$2,065, respectively, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiary, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party, it does not have any investments in a foreign insurance subsidiary and it does not hold any investments in a downstream noninsurance holding company.

## **11. DEBT**

**A–B.** The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2012 and 2011.

## **12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS**

**A–F.** The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits and compensated absences plans, and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

## **13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS**

**(1–2)** The Company has 5,275,459 shares authorized and 2,303,598 shares issued and outstanding common stock with no par value. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are owned by the Company's parent, AmeriChoice.

**(3)** The insurance laws of the State of Michigan limit the amount of dividends which may be paid from positive unassigned surplus by an insurer without prior approval by the Department. Under these requirements, the Company may pay dividends during any 12-month period in an amount equal to the greater of 10% of the preceding year-end statutory basis capital and surplus or the preceding year's statutory basis net income.

**(4)** The Company paid no dividend or receive any infusion in 2012 or 2011.

- (5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.
- (6) There are no restrictions placed on the Company’s unassigned surplus.
- (7) Not applicable as the Company is not a mutual reciprocal or a similarly organized entity.
- (8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options or stock purchase warrants.
- (9) The Company does not have any special surplus funds.
- (10) The portion of unassigned funds represented by each item below is as follows:

	2012	2011
Net deferred income taxes	\$ 2,048	\$ 2,222
Nonadmitted assets	<u>(2,455)</u>	<u>(3,939)</u>
Total	<u>\$ (407)</u>	<u>\$ (1,717)</u>

- (11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. CONTINGENCIES

- A. **Contingent Commitments** — The Company has no contingent commitments.
- B. **Assessments**  
  
The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity.
- C. **Gain Contingencies**  
  
The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.
- D. **Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits** — Not applicable
- E. **All Other Contingences**  
  
Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters where appropriate. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to certain other business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.  
  
The Company’s business is regulated at the federal, state and local levels. The laws and rules governing the Company’s business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.



The Company has been and is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (OIG), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor, the Federal Deposit Insurance Corporation and other governmental authorities. Examples of audits include the risk adjustment data validation (RADV) audits discussed below and a review by the U.S. Department of Labor of the Company's administration of applicable customer employee benefit plans with respect to ERISA compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

**Risk Adjustment Data Validation Audit.** CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers as well as, for Medicare Part D plans only, based on comparing costs predicted in the Company's annual bids to actual prescription drug costs. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In February 2012, CMS announced a final RADV audit and payment adjustment methodology and that it will conduct RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. MCS has not communicated how the final payment adjustment under its methodology will be implemented. Any potential payment adjustment could have a material adverse effect on the Company's statutory basis financial statements..

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law, and after being challenged, were substantially upheld in a U.S. Supreme Court decision in the second quarter of 2012. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, Children's Health Insurance Plan (CHIP), and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations or proposed regulations on a number of aspects of Health Reform Legislation, but final rules and interim guidance on the other key aspects of the legislation remain pending.

The Health Reform Legislation and the related federal and state regulations will impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation) or put the Company at risk for loss of business. In addition, the Company's results of operations, financial condition, including the ability to maintain the value of goodwill, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

There are no assets that the Company considers to be impaired at December 31, 2012 and 2011, except as disclosed in Note 5 and Note 20.

## 15. LEASES

- A–B.** According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company's management fee.

## 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

- (1–4)** The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

## 17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A–C.** The Company did not participate in any transfer of receivables, financial assets, or wash sales.

## 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

- A.** The Company has no operations from Administrative Services Only Contacts (ASO).
- B.** The Company has no operations from Administrative Services Contracts (ASC).
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract** — The Medicare Part D program is a partially insured plan. The Company recorded a (payable) receivable of (\$1,048) and \$1,193 at December 31, 2012 and 2011, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1 *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*. The Company also recorded a receivable of \$0 and \$1 and a payable of \$3 and \$1 at December 31, 2012 and 2011, respectively, for the Medicare Part D Coverage Gap Discount Program as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*.

## 19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

## 20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

*Level 1* — Quoted (unadjusted) prices for identical assets in active markets.

*Level 2* — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

*Level 3* — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments (investments) are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through

recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by its custodian, its investment consultant and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. Based on the Company’s internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, the Company has not historically adjusted the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

**A. Fair Value** — The Company has does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2012 and 2011.

The Company does not have any financial assets with a fair value hierarchy of level 3.

**B. Fair Value Combination** — Not applicable

**C.** The aggregate fair value by hierarchy of all financial instruments as of December 31, 2012 and 2011 is presented in the table below:

Types of Financial Investment	2012						Not Practical Carrying Value
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)		
Bonds	\$ 161	\$ 159	\$ 98	\$ 63	\$ -	\$ -	
Common stock	-	-	-	-	-	-	
Perpetual preferred stock	-	-	-	-	-	-	
Mortgage loans	-	-	-	-	-	-	

Types of Financial Investment	2011						Not Practical Carrying Value
	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)		
Bonds	\$ 169	\$ 167	\$ 89	\$ 80	\$ -	\$ -	
Common stock	-	-	-	-	-	-	
Perpetual preferred stock	-	-	-	-	-	-	
Mortgage loans	-	-	-	-	-	-	

**D. Not Practicable to Estimate Fair Value** — Not applicable

21. OTHER ITEMS

The Company’s business is regulated at federal, state and local levels, and the Company must obtain and maintain regulatory approvals to market and sell many of its products. The laws and rules governing the Company’s business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. State legislatures and Congress continue to focus on health care issues.

The Company elected to use rounding in reporting amounts in the notes to statutory basis financial statements.

**A.** The Company did not encounter any extraordinary items for the years ended December 31, 2012 or 2011.

**B.** The Company has no troubled debt restructurings as of December 31, 2012 or 2011.



- C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.
- D. The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company’s past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company’s financial condition.
- E. The Company has not received any business interruption insurance recoveries during 2012 and 2011.
- F. The Company has no transferrable or non-transferable state tax credits.
- G. **(1 – 2) Sub-Prime Mortgage Related Risk Exposure** — The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2. The Company has no direct exposure through investments in sub-prime mortgage loans.

(3) Direct exposure through other investments:

2012				
	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ -	\$ -	\$ -	\$ -
b. Commercial mortgage-backed securities	150	150	155	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs*	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ 150	\$ 150	\$ 155	\$ -

2011				
	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ -	\$ -	\$ -	\$ -
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs*	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ -	\$ -	\$ -	\$ -

(4) The Company has no underwriting exposure to sub-prime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

- H. The Company does not have any retained asset accounts for beneficiaries.

22. EVENTS SUBSEQUENT

**TYPE I – Recognized Subsequent events:**

Subsequent events have been evaluated through February 28, 2013, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2012, that require disclosure.

**TYPE II – Non-Recognized Subsequent events:**

Subsequent events have been evaluated through February 28, 2013, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2012, that require disclosure.

23. REINSURANCE

The Company does not have any unaffiliated reinsurance agreements (external reinsurance) in place as of December 31, 2012 or 2011.

**Reinsurance Agreements** — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated reinsurers (see Note 10). The Company remains primarily liable as the direct insurer on all risks reinsured.

A. Ceded Reinsurance Report

*Section 1 — General Interrogatories*

- (1)

Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( )      No (X)
- (2)

Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes ( )      No (X)

*Section 2 — Ceded Reinsurance Report— Part A*

- (1)

Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( )      No (X)
- (2)

Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( )      No (X)

*Section 3 — Ceded Reinsurance Report — Part B*

- (1)

What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2012.
- (2)

Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( )      No (X)

B. **Uncollectible Reinsurance** — During 2012 and 2011, there were no uncollectible reinsurance recoverables.

C. **Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2012 or 2011.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.
- B. Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to net premium income in the statutory basis statements of operations.
- C. The Company has Medicare Part D program business which is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Part D earned premiums subject to retrospective rating was \$4,887 and \$3,024 representing .56% and .34% of total net premium income for 2012 and 2011, respectively.
- D. The Company does not have any business subject to specific minimum loss ratio requirements as of December 31, 2012 pursuant to the Health Reform Legislation (See Note 14).

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables, for 2012 and 2011:

	2012		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (95,318)	\$ (95,318)
Paid claims, net of health care receivables and reinsurance recoveries collected	694,967	72,886	767,853
End of year claim reserve	87,651	8,842	96,493
Incurred claims excluding the change in health care receivables and reinsurance recoverables as presented below	782,618	(13,590)	769,028
Beginning of year health care receivables and reinsurance recoverables	-	9,485	9,485
End of year health care receivables and reinsurance recoverables	(9,262)	(94)	(9,356)
Total incurred claims	\$ 773,356	\$ (4,199)	\$ 769,157

	2011		
	Current Year Incurred Claims	Prior Years Incurred Claims	Total
Beginning of year claim reserve	\$ -	\$ (79,128)	\$ (79,128)
Paid claims, net of health care receivables and reinsurance recoveries collected	660,227	73,085	733,312
End of year claim reserve	93,113	2,205	95,318
Incurred claims excluding the change in health care receivables and reinsurance recoverables as presented below	753,340	(3,838)	749,502
Beginning of year health care receivables and reinsurance recoverables	-	2,617	2,617
End of year health care receivables and reinsurance recoverables	(7,150)	(2,335)	(9,485)
Total incurred claims	\$ 746,190	\$ (3,556)	\$ 742,634

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables as of December 31, 2011 were \$85,833. As of December 31, 2012, \$72,886 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now \$8,748 as a result of re-estimation of unpaid claims. Therefore, there has been \$4,199 favorable prior year development since December 31, 2011 to December 31, 2012. The primary drivers consist of favorable development as a result of a change in provision for adverse deviations in experience of \$3,782 and \$234 favorable retroactivity for pharmacy rebates. At December 31, 2011, the Company recorded \$3,556 of favorable development as a result of ongoing analysis of loss development trends related to the release and reestablishment of \$2,514 in known environmental claims and \$996 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this favorable development is the impact related to retrospectively rated policies. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in reserve for rate credits in the statutory basis statements of operations.

The Company incurred CAE of \$27,790 and \$15,793 in 2012 and 2011, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2012 and 2011:

	2012	2011
Total claims adjustment expenses incurred	\$ 27,790	\$ 15,793
Less current year unpaid claims adjustment expenses	(1,331)	(1,271)
Add prior year unpaid claims adjustment expenses	<u>1,271</u>	<u>935</u>
Total claims adjustment expenses paid	<u>\$ 27,730</u>	<u>\$ 15,457</u>

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2012 or 2011.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2012 or 2011.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLES

A. Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The collection history of pharmacy rebates is summarized as:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2012	\$ 1,732	\$ -	\$ -	\$ -	\$ -
9/30/2012	1,661	1,627	551	-	-
6/30/2012	1,550	1,712	676	934	-
3/31/2012	1,356	1,613	534	637	340
12/31/2011	1,285	1,454	566	842	33
9/30/2011	809	1,319	536	606	203
6/30/2011	761	1,145	517	569	71
3/31/2011	532	908	404	162	321
12/31/2010	-	1	-	-	1
9/30/2010	-	-	-	-	-
6/30/2010	-	-	-	-	-
3/31/2010	-	-	-	-	-

Of the amount reported as admitted health care and other amounts receivable, \$2,243 and \$2,009 relates to pharmaceutical rebate receivables as of December 31, 2012 and 2011, respectively. Admitted health care and other amounts receivable also includes maternity case receivables due from the DCH, reclassified from uncollected premiums per the State of Michigan. This amount totaled \$5,051 and \$2,972 as of December 31, 2012 and 2011, respectively. In 2012, admitted health care and other amounts receivable also includes an amount for plan to plan receivables of \$2. In 2011, admitted health care and other amounts receivable also has an amount for claim overpayments of \$485.

B. The Company does not have any risk sharing receivables.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2012 or 2011.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2012 or 2011. This analysis of the premium deficiency reserve was completed as of December 31, 2012 and 2011. The Company did consider anticipated investment income when calculating the premium deficiency reserve.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2012 and 2011, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

32. RECONCILIATION TO THE ANNUAL STATEMENT

During the audit of the 2011 statutory basis financial statements, necessary adjustments were discovered related to the 2011 annual statement previously filed by the Company with the Department. The following table reconciles the 2011 annual statement previously filed to the 2011 statutory basis financial statements:

	Per Audited Financial Report	Per Annual Statement	Variance
Assets	\$ 173,308	\$ 174,316	\$ (1,008)
Liabilities	109,086	106,935	2,151
Capital and surplus	64,222	67,381	(3,159)
Revenues	890,255	890,646	(391)
Underwriting Deductions	891,424	888,542	2,882
Federal income tax (benefit) expense	(53)	1,072	(1,125)
Net income	394	2,543	(2,149)

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan, Inc.

The following table is also provided for additional information regarding the impact of the adjustments to capital and surplus:

Capital and surplus per annual statement	\$ 67,381
Adjustment to premium revenue	(391)
Adjustment to hospital/medical benefits	(2,528)
Adjustment to general administrative expenses	(354)
Adjustment to federal income taxes incurred	1,125
Adjustment to change in net deferred income taxes	<u>(1,011)</u>
Capital and surplus per statutory basis financial statements	<u>\$ 64,222</u>

The following table is also provided for additional information regarding the impact of the adjustments to net income:

Net income per annual statement	\$ 2,543
Adjustment to premium income	(391)
Adjustment to hospital/medical benefits	(2,528)
Adjustment to general administrative expenses	(354)
Adjustment to federal income taxes incurred	<u>1,124</u>
Net income per statutory basis financial statements	<u>\$ 394</u>

The result of the adjustments made to the 2011 statutory basis financial statements is a net decrease in total capital and surplus of \$3,159 and a decrease in net income of \$2,149.

\* \* \* \* \*

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐

2.2

If yes, date of change:

01/01/2012

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2010

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2010

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/20/2012

3.4

By what department or departments?  
The State of Michigan Office of Financial and Insurance Regulation

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ No ☐ N/A ☒

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ X ] No [ ]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
OptumHealth Bank, Inc. ....	Salt Lake City, Utah .....	NO.....	NO.....	YES.....	NO.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche, LLP  
Minneapolis, MN
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] N/A [ ]
- 10.6 If the response to 10.5 is no or n/a, please explain  
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Kevin Francis, FSA, MAAA  
Vice President of Actuarial Services, UnitedHealthcare Community and State, Minnetonka, MN .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company .....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If, yes provide explanation:  
.....
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
.....



GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes ☐ No ☒
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2  Issuing or Confirming Bank Name	3  Circumstances That Can Trigger the Letter of Credit	4  Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes ☒ No ☐
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes ☒ No ☐
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes ☒ No ☐

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ☐ No ☒
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers\$

20.12 To stockholders not officers\$

20.13 Trustees, supreme or grand (Fraternal Only)\$
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers\$

20.22 To stockholders not officers\$

20.23 Trustees, supreme or grand (Fraternal Only)\$
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ☐ No ☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others\$

21.22 Borrowed from others\$

21.23 Leased from others\$

21.24 Other\$
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ☐ No ☒
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment\$

22.22 Amount paid as expenses\$

22.23 Other amounts paid\$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☒ No ☐
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$499,023

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes ☒ No ☐
- 24.02 If no, give full and complete information relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes ☐ No ☐ N/A ☒
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.\$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.\$
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ☐ No ☐ N/A ☒
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☐ No ☐ N/A ☒
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes ☐ No ☐ N/A ☒

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ .....	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ .....	0
24.103	Total payable for securities lending reported on the liability page .....	\$ .....	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). ..... Yes [ X ] No [ ]

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements .....	\$ .....
		25.22 Subject to reverse repurchase agreements .....	\$ .....
		25.23 Subject to dollar repurchase agreements .....	\$ .....
		25.24 Subject to reverse dollar repurchase agreements .....	\$ .....
		25.25 Pledged as collateral .....	\$ .....
		25.26 Placed under option agreements .....	\$ .....
		25.27 Letter stock or other securities restricted as to sale .....	\$ .....
		25.28 On deposit with state or other regulatory body .....	\$ 1,265,261
		25.29 Other .....	\$ .....

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] N/A [ ]  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [ X ] No [ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Bank of New York Mellon .....	Global Liquidity Services, 1 Wall St, 14th Floor, New York, NY 10286 .....
Northern Trust .....	50 S. LaSalle, Chicago, IL 60675 .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?..... Yes [ X ] No [ ]

28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
State Street Bank .....	Northern Trust .....	03/01/2012 .....	Economics .....

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
106595 .....	Wellington Management Company, LLP .....	280 Congress Street, Boston, MA 02210 .....
NA .....	Internally Managed .....	NA .....



GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? .....\$ .....

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

0

1.6

Individual policies:

Most current three years:

1.61 Total premium earned

\$

0

1.62 Total incurred claims

\$

0

1.63 Number of covered lives

0

All years prior to most current three years:

1.64 Total premium earned

\$

0

1.65 Total incurred claims

\$

0

1.66 Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71 Total premium earned

\$

0

1.72 Total incurred claims

\$

0

1.73 Number of covered lives

0

All years prior to most current three years:

1.74 Total premium earned

\$

0

1.75 Total incurred claims

\$

0

1.76 Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

876,135,516

890,754,832

2.2 Premium Denominator

874,684,859

890,754,832

2.3 Premium Ratio (2.1/2.2)

1.002

1.000

2.4 Reserve Numerator

97,437,352

95,555,802

2.5 Reserve Denominator

97,437,352

95,555,802

2.6 Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [ X ]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ ] No [ ]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [ X ] No [ ]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$

5.32 Medical Only

\$

250,000

5.33 Medicare Supplement

\$

5.34 Dental & Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ X ] No [ ]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

6,168

8.2 Number of providers at end of reporting year

6,777

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [ ] No [ X ]

9.2

If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

\$

9.22 Business with rate guarantees over 36 months

\$

GENERAL INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [ X ] No [ ]

10.2

If yes:

10.21

Maximum amount payable bonuses

\$ 1,561,142

10.22

Amount actually paid for year bonuses

\$ 4,608,063

10.23

Maximum amount payable withholds

\$

10.24

Amount actually paid for year withholds

\$

11.1

Is the reporting entitiy organized as:

11.12

A Medical Group/Staff Model,

Yes [ ] No [ X ]

11.13

An Individual Practice Association (IPA), or,

Yes [ ] No [ X ]

11.14

A Mixed Model (combination of above)?

Yes [ X ] No [ ]

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [ X ] No [ ]

11.3

If yes, show the name of the state requiring such net worth.

Michigan

11.4

If yes, show the amount required.

\$ 62,866,180

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [ ] No [ X ]

11.6

If the amount is calculated, show the calculation

The Company used the 2012 Risk Based Calculation at the 250% authorized control level.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Allegan
Berrien
Branch
Calhoun
Cass
Hillsdale
Huron
Jackson
Kalamazoo
Kent
Lenawee
Livingston
Macomb
Monroe
Muskegon
Oakland
Oceana
Ottawa
Saginaw
St. Clair
St. Joseph
Sanilac
Tuscola
Van Buren
Wayne

13.1

Do you act as a custodian for health savings accounts?

Yes [ ] No [ X ]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$

13.3

Do you act as an administrator for health savings accounts?

Yes [ ] No [ X ]

13.4

If yes, please provide the balance of funds administered as of the reporting date.

\$

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	175,574,273	174,315,586	159,635,325	111,300,522	97,862,253
2. Total liabilities (Page 3, Line 24) .....	104,840,823	106,935,017	92,433,488	71,223,224	47,923,716
3. Statutory surplus .....	62,866,180	62,950,873	44,464,136	38,744,530	15,238,304
4. Total capital and surplus (Page 3, Line 33) .....	70,733,450	67,380,569	67,201,837	40,077,299	49,938,537
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	875,429,664	890,646,432	800,154,450	671,311,461	510,562,000
6. Total medical and hospital expenses (Line 18) .....	769,157,290	742,634,760	668,335,090	578,111,195	449,006,705
7. Claims adjustment expenses (Line 20) .....	27,790,047	15,793,021	33,083,874	9,020,600	6,467,793
8. Total administrative expenses (Line 21) .....	74,649,991	130,114,068	95,403,114	87,326,478	48,700,511
9. Net underwriting gain (loss) (Line 24) .....	3,832,336	2,104,583	3,332,373	(3,146,812)	6,386,991
10. Net investment gain (loss) (Line 27) .....	1,573,758	1,510,381	1,252,513	1,715,086	2,928,208
11. Total other income (Lines 28 plus 29) .....	(25,000)	0	0	0	0
12. Net income or (loss) (Line 32) .....	4,193,022	2,543,445	3,342,174	(664,129)	5,740,927
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	4,528,545	22,136,260	26,807,163	11,767,365	13,041,848
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	70,733,450	67,380,569	67,201,836	40,077,299	49,938,537
15. Authorized control level risk-based capital .....	25,146,472	25,180,349	22,232,068	19,372,265	15,238,304
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	243,545	246,475	236,177	208,474	176,055
17. Total members months (Column 6, Line 7) .....	2,932,420	2,918,785	2,722,965	2,294,672	2,031,538
<b>Operating Percentage</b> (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	88.0	83.4	83.5	85.1	83.1
20. Cost containment expenses .....	1.5	1.0	3.7	0.9	0.9
21. Other claims adjustment expenses .....	1.7	0.8	0.4	0.5	0.3
22. Total underwriting deductions (Line 23) .....	99.7	99.8	99.6	99.2	93.3
23. Total underwriting gain (loss) (Line 24) .....	0.4	0.2	0.4	(0.5)	1.2
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	81,711,976	70,488,747	55,932,780	24,993,488	26,456,537
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	85,912,150	74,044,027	64,911,875	43,171,484	38,672,401
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....		0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....					0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....					0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. Total of above Lines 26 to 31 .....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [        ] No [        ]  
If no, please explain: .....

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
States, etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama AL	N							.0		
2. Alaska AK	N							.0		
3. Arizona AZ	N							.0		
4. Arkansas AR	N							.0		
5. California CA	N							.0		
6. Colorado CO	N							.0		
7. Connecticut CT	N							.0		
8. Delaware DE	N							.0		
9. District of Columbia DC	N							.0		
10. Florida FL	N							.0		
11. Georgia GA	N							.0		
12. Hawaii HI	N							.0		
13. Idaho ID	N							.0		
14. Illinois IL	N							.0		
15. Indiana IN	N							.0		
16. Iowa IA	N							.0		
17. Kansas KS	N							.0		
18. Kentucky KY	N							.0		
19. Louisiana LA	N							.0		
20. Maine ME	N							.0		
21. Maryland MD	N							.0		
22. Massachusetts MA	N							.0		
23. Michigan MI	L	937,244	50,859,138	824,761,468				876,557,850		
24. Minnesota MN	N							.0		
25. Mississippi MS	N							.0		
26. Missouri MO	N							.0		
27. Montana MT	N							.0		
28. Nebraska NE	N							.0		
29. Nevada NV	N							.0		
30. New Hampshire NH	N							.0		
31. New Jersey NJ	N							.0		
32. New Mexico NM	N							.0		
33. New York NY	N							.0		
34. North Carolina NC	N							.0		
35. North Dakota ND	N							.0		
36. Ohio OH	N							.0		
37. Oklahoma OK	N							.0		
38. Oregon OR	N							.0		
39. Pennsylvania PA	N							.0		
40. Rhode Island RI	N							.0		
41. South Carolina SC	N							.0		
42. South Dakota SD	N							.0		
43. Tennessee TN	N							.0		
44. Texas TX	N							.0		
45. Utah UT	N							.0		
46. Vermont VT	N							.0		
47. Virginia VA	N							.0		
48. Washington WA	N							.0		
49. West Virginia WV	N							.0		
50. Wisconsin WI	N							.0		
51. Wyoming WY	N							.0		
52. American Samoa AS	N							.0		
53. Guam GU	N							.0		
54. Puerto Rico PR	N							.0		
55. U.S. Virgin Islands VI	N							.0		
56. Northern Mariana Islands MP	N							.0		
57. Canada CAN	N							.0		
58. Aggregate other alien OT	XXX	.0	.0	.0	.0	.0	.0	.0	.0	
59. Subtotal	XXX	937,244	50,859,138	824,761,468	.0	.0	.0	876,557,850	.0	
60. Reporting entity contributions for Employee Benefit Plans	XXX							.0		
61. Total (Direct Business)	(a) 1	937,244	50,859,138	824,761,468	0	0	0	876,557,850	0	
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0	
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

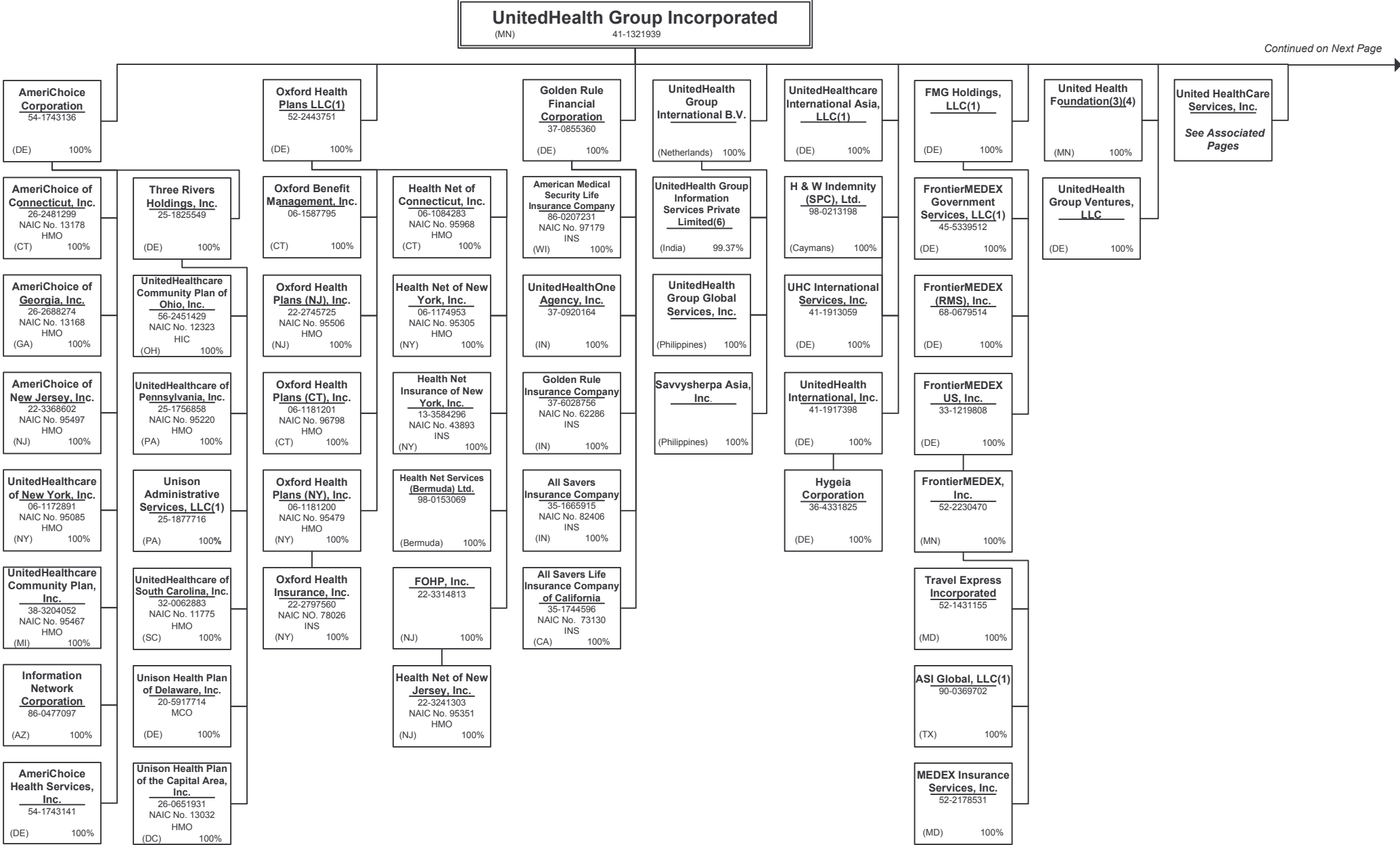
Premiums allocated by state based upon Geographic Market.

(a) Insert the number of L responses except for Canada and Other Alien.



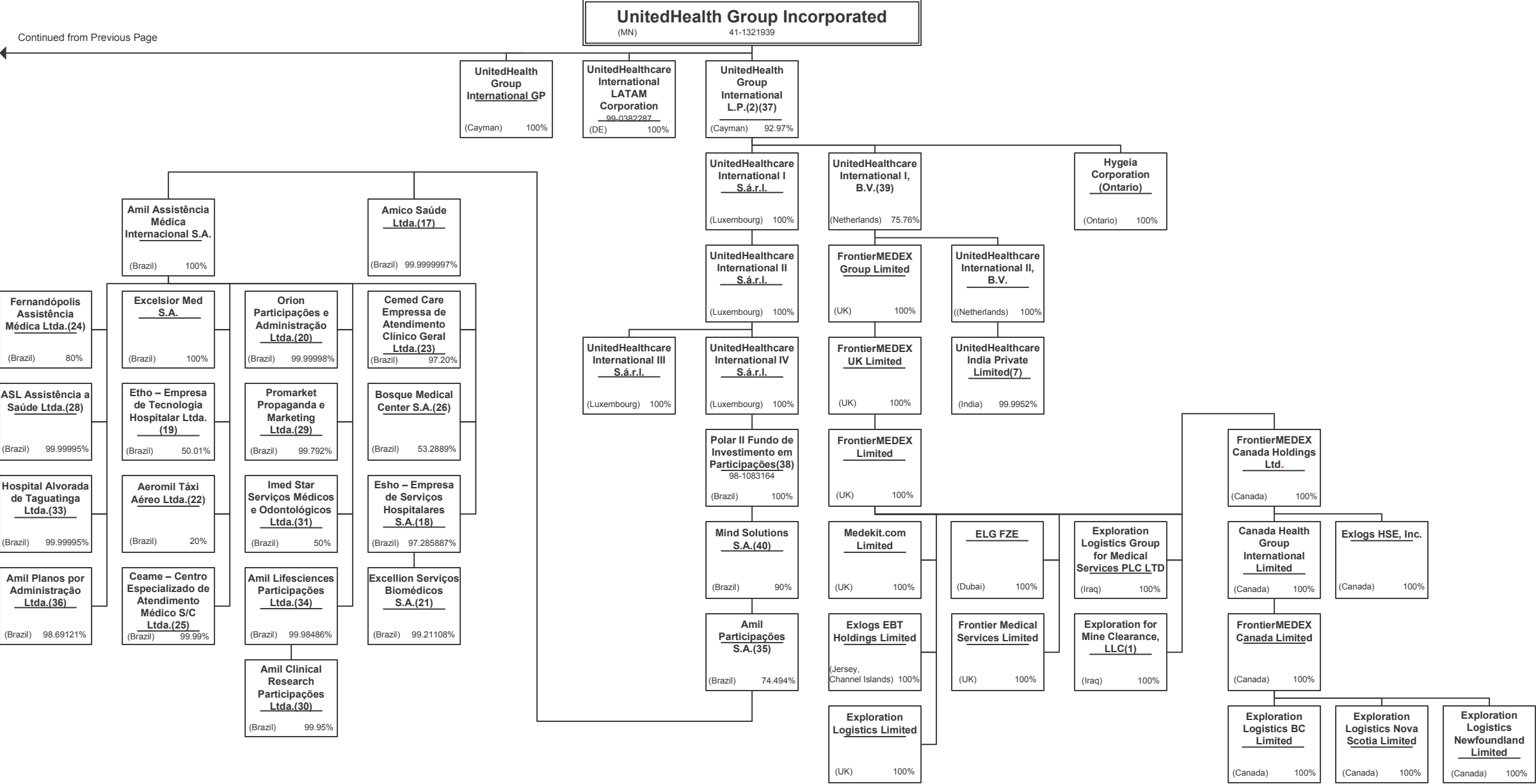
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



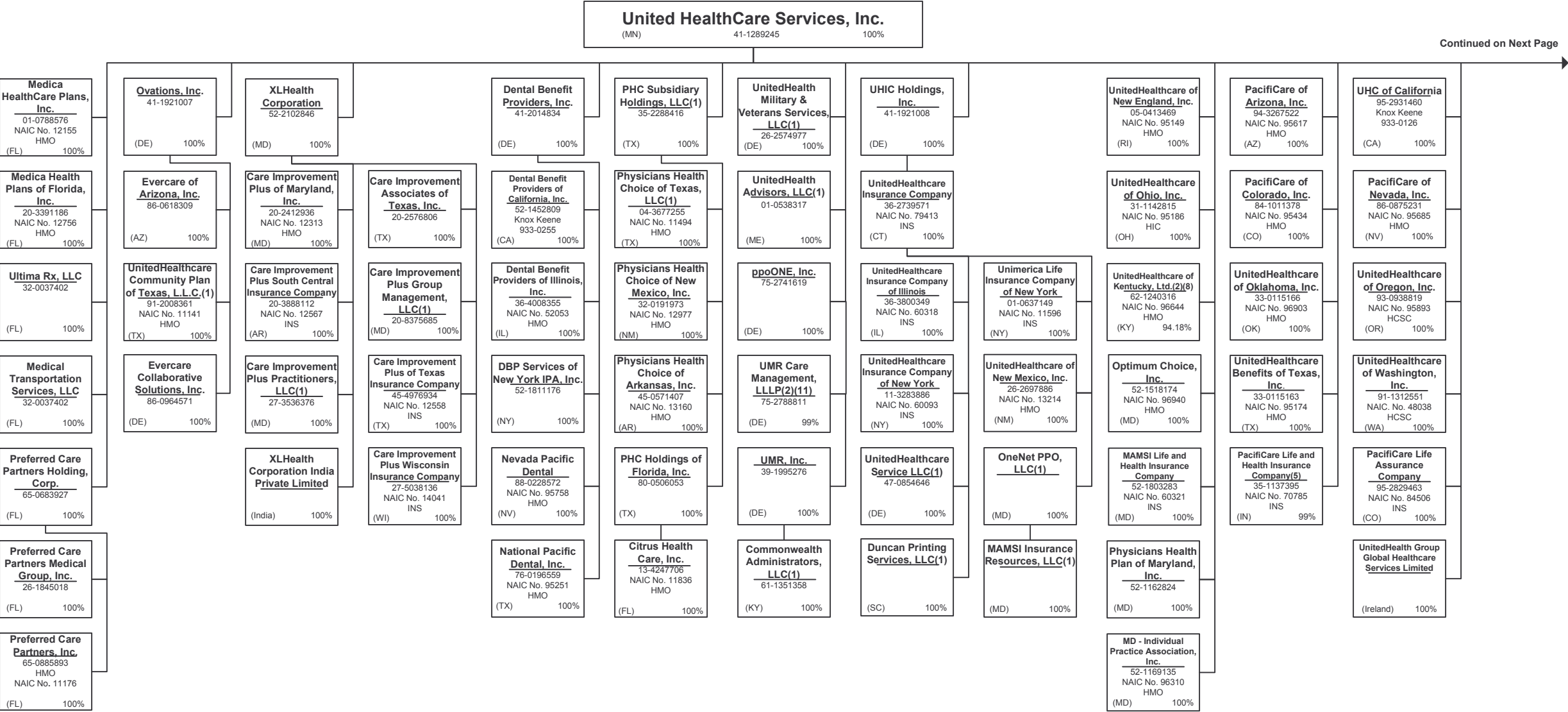
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



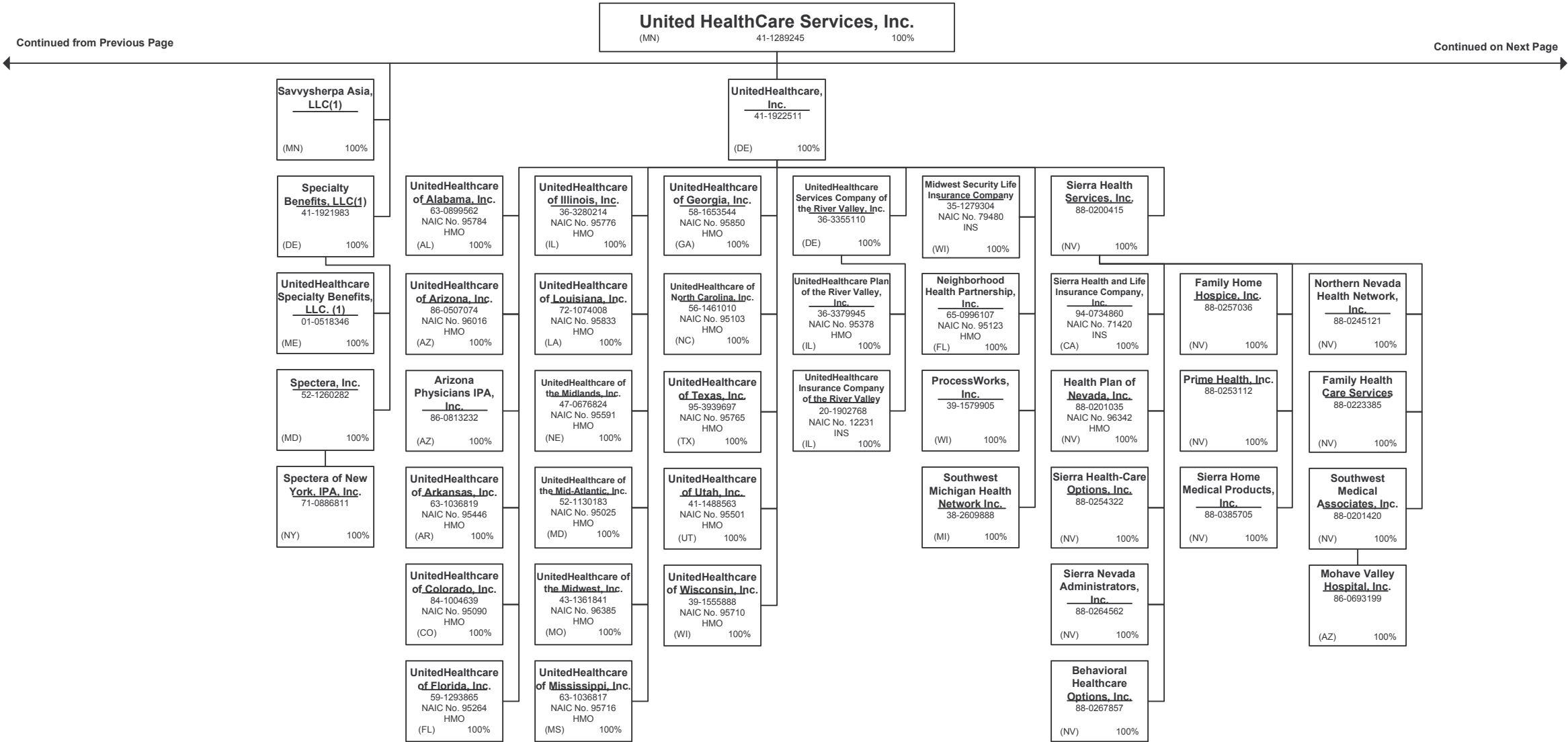
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

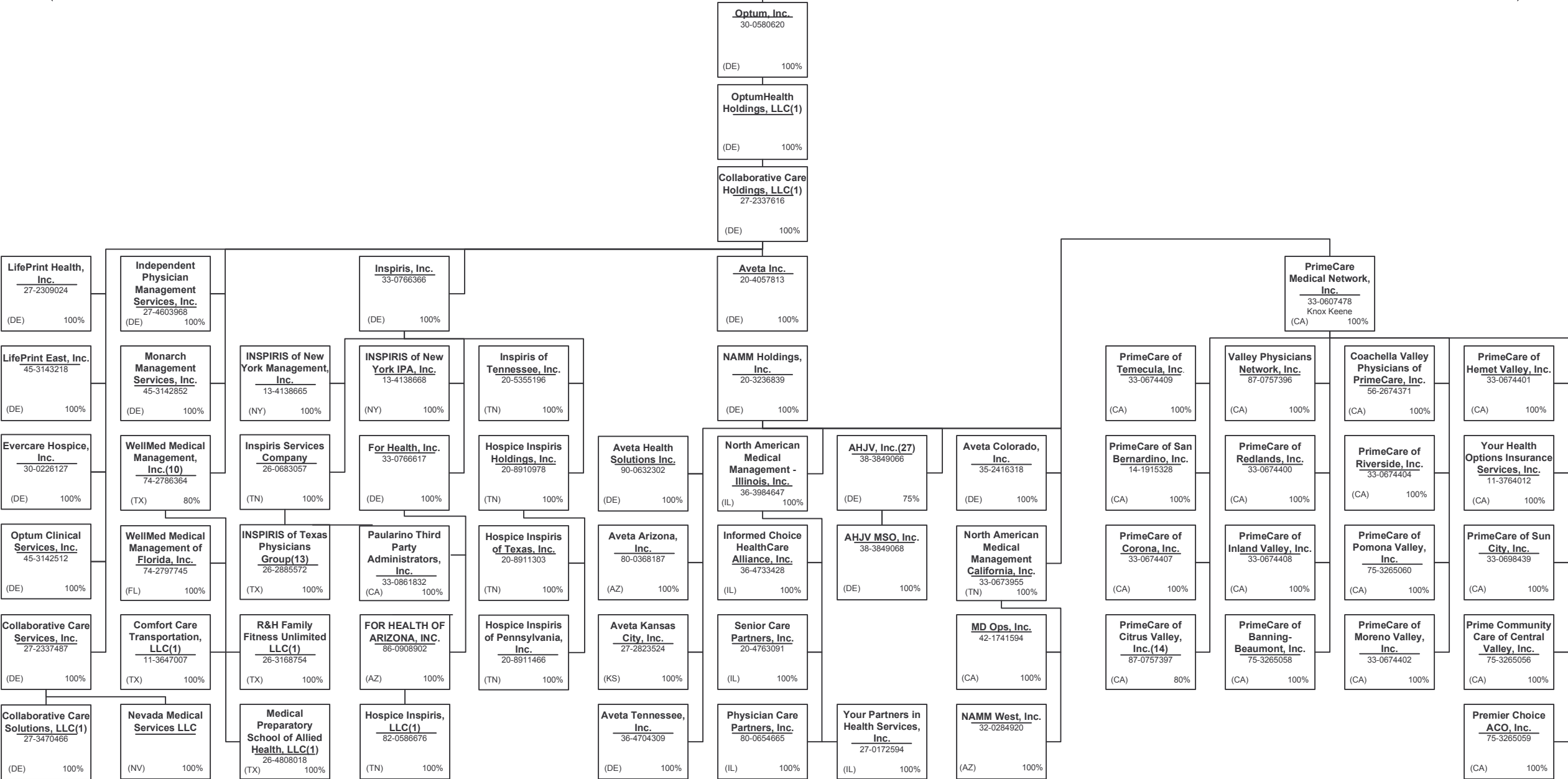
PART 1 - ORGANIZATIONAL CHART



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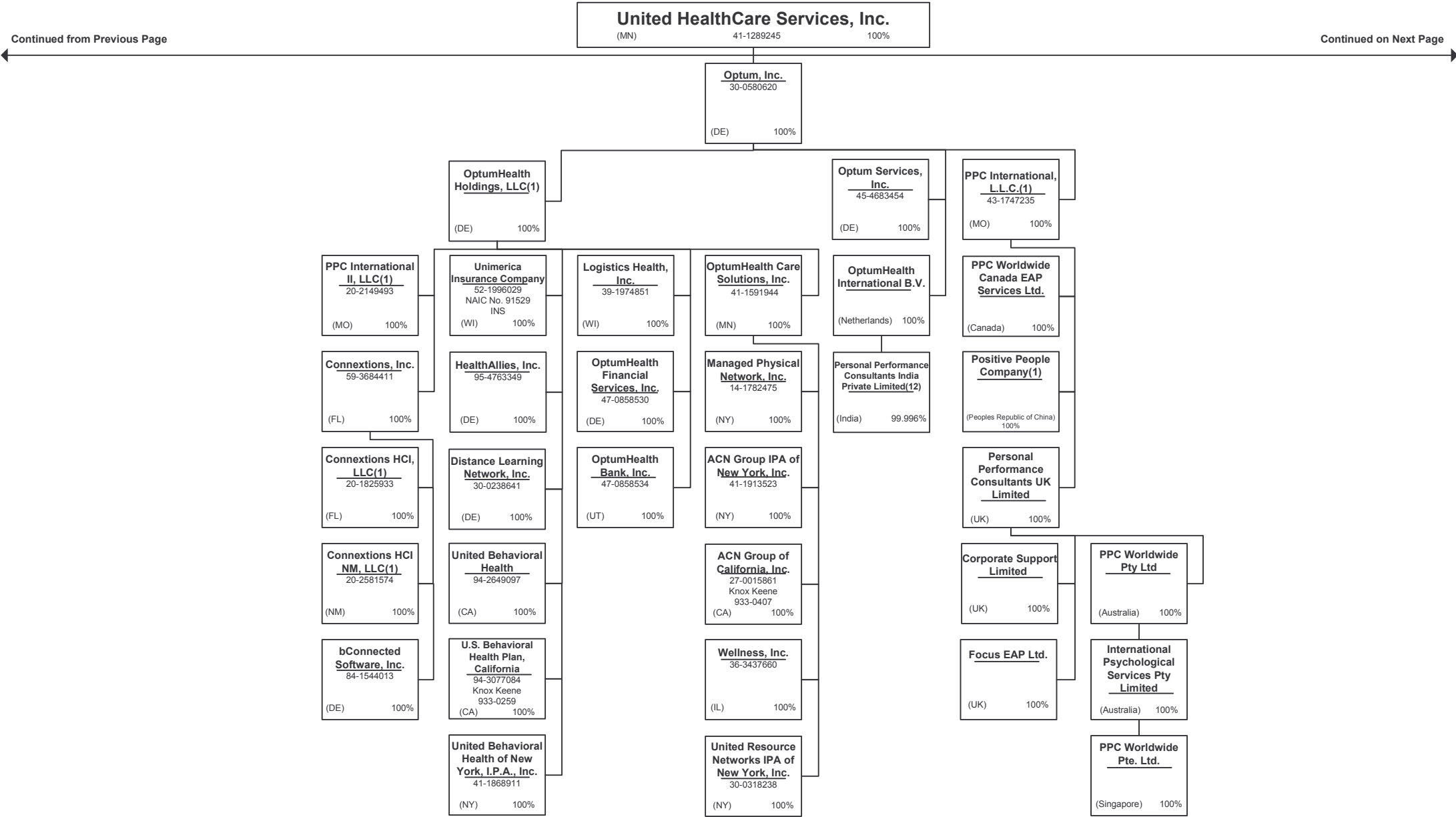
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40.4



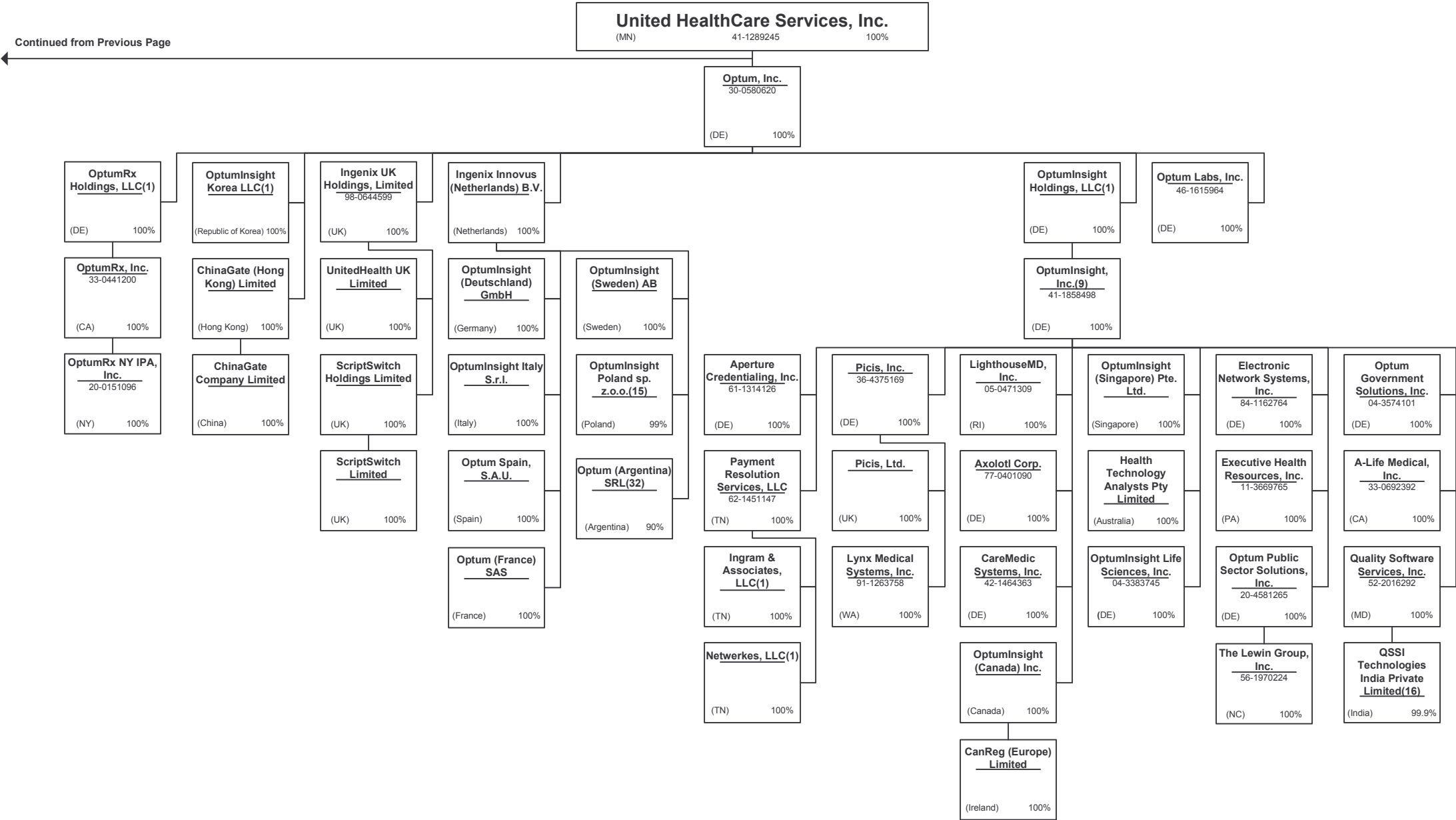
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Notes

- All legal entities on the Organization Chart are Corporations unless otherwise indicated.
- (1) Entity is a Limited Liability Company
  - (2) Entity is a Partnership
  - (3) Entity is a Non-Profit Corporation
  - (4) Control of the Foundation is based on sole membership, not the ownership of voting securities
  - (5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC
  - (6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.
  - (7) United Healthcare India Private Limited is 99.9952% owned by UnitedHealthcare International II B.V. and 0.0048% owned by UnitedHealth International, Inc.
  - (8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.
  - (9) Established a branch, Ingenix, Inc. – Abu Dhabi, located in Abut Dhabi, UAE.
  - (10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.
  - (11) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)
  - (12) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.
  - (13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.
  - (14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.
  - (15) OptumInsight Poland sp. z.o.o. is 99% owned by Ingenix Innovus (Netherlands) B.V. The remaining 1% is owned by OptumInsight, Inc.
  - (16) QSSI Technologies India Private Limited is 99.9% owned by Quality Software Services, Inc. and 0.1% owned by an Indian citizen.
  - (17) Amico Saúde Ltda. is 99.9999997% owned by Amil Participações S.A. and 0.0000003% owned by and officer of Amil.
  - (18) Esho – Empresa de Serviços Hospitalares S.A is 97.285887% owned by Amil Assistência Médica Internacional S.A.; 0.224917% owned by Amico Saúde Ltda.; 0.094901 owned by Treasury Shares and 2.4% owned by external shareholders.
  - (19) Etho – Empresa de Tecnologia Hospitalar Ltda. 50.01% owned by Amil Assistência Médica Internacional S.A.and 49.99% owned by an external shareholder.
  - (20) Orion Participações e Administração Ltda. is 99.99998% owned by Amil Assistência Médica Internacional S.A. and 0.00002% owned by Amico Saúde Ltda.
  - (21) Excellion Serviços Biomédicos S.A.is 99.21108% owned by Esho – Empresa de Serviços Hospitalares S.A and 0.78892% owned by external shareholders.



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE UnitedHealthcare Community Plan, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Notes

Continued from Previous Page

- (22) Aeromil Táxi Aéreo Ltda. Is 20% owned by Amil Assistência Médica Internacional S.A. and 80% owned by the Chairman and CEO of Amil.
- (23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 97.20% owned by Amil Assistência Médica Internacional S.A. and 2.8% owned by Amico Saúde Ltd.
- (24) Fernandópolis Assistência Médica Ltda. is 80% owned by Amil Assistência Médica Internacional S.A. and 20% owned by an external shareholder.
- (25) Ceame – Centro Especializado de Atendimento Médico S/C Ltda. Is 99.99% onwed by Amil Assistência Médica Internacional S.A. and 0.01% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (26) Bosque Medical Center S.A. is 53.2889% owned by Amil Assistência Médica Internacional S.A.; 33.7727% owned by Amico Saúde Ltd. and 12.9384% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) AHJV, Inc. is 75% owned by NAMM Holdings, Inc. and 25% owned by Humana, Inc.
- (28) ASL Assistência a Saúde Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A and 0.00005% owned by an officer of Amil.
- (29) Promarket Propaganda e Marketing Ltda.is 99.792% owned by Amil Assistência Médica Internacional S.A and 0.208% owned by Amico Saúde Ltd.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and .05% owned by an officer of Amil.
- (31) Imed Star Serviços Médicos e Odontológicos Ltda.is 50% owned by Amil Assistência Médica Internacional S.A and 50% owned by Amico Saúde Ltd.
- (32) Optum Argentina is 90% owned by Ingenix Innovus (Netherlands) BV and 10% owned by ScriptSwitch Holdings Limited.
- (33) Hospital Alvorada Taguatinga Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A. and 0.00005% owned by an officer of Amil.
- (34) Amil Lifesciences Participações Ltda. Is 99.98486% owned by Amil Assistência Médica Internacional S.A and 0.01514% owned by an officer of Amil.
- (35) Amil Participações S.A. is 74.49% owned by Mind Solutions S.A and the remaining 25.51% is owned by other parties.
- (36) Amil Planos por Administração Ltda. is 98.69121% owned by Amil Assistência Médica Internacional S.A; 1.30196% owned by Amico Saúde Ltd and 0.00683% owned by an officer of Amil.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (4.41%), UnitedHealthcare International LATAM Corporation (2.3%), Hygeia Corporation (DE) (0.33%) and UnitedHealth Group Incorporated (92.97%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
- (38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.
- (39) UnitedHealthcare International I, B.V. is 75.76% owned by UnitedHealth Group International L.P. and 24.24% owned by UnitedHealth Group International B.V.
- (40) Mind Solutions S.A. is 90% owned by Polar II Fundo de Investimento em Participações and 10% owned by Amil's founders.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Miscellaneous Losses .....	394	450	1,622		2,466
2505. Professional Fees/Consulting .....	1,626	1,854	6,687		10,167
2506. Sundry General Expenses .....	667,593	761,223	2,746,275		4,175,091
2597. Summary of remaining write-ins for Line 25 from overflow page	669,613	763,527	2,754,584	0	4,187,724

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